FBIS DAILY REPORT

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CONTADORA FOREIGN MINISTERS TO MEET 27-28 FEB

PY172310 Paris AFP in Spanish 1509 GMT 17 Feb 86

[Text] Montevideo, 17 Feb (AFP) -- Uruguayan Foreign Ministry sources reported today that Latin American foreign ministers who make up the Contadora Group, the Support Group, and the Cartagena Consensus Oversight Committee [Comite de Seguimiento del consenso de Cartagena] will meet on 27 and 28 February in Punta del Este. The meetings will evaluate the development of the proposals made by the Contadora Group for the Pacification of Central America. These proposals were made public in January 1986, in Caraballeda, Venezuela.

The Punta del Este meeting will also allow the Cartegena Consensus Oversight Committee (the Consensus of Cartagena is made up of the 11 most indebted countries in the region), to study the situation created by the drop in petroleum prices, at the request of Mexican President Miguel de la Madrid, and Venezuelan President Jaime Lusinchi. That committee, designated by the regional group during the last meeting held in Montevideo in December 1985, is made up of the foreign ministers of Argentina, Brazil, Colombia, Mexico, and Venezuela.

Uruguay will participate in the meeting as a host country.

According to unconfirmed reports, the group will also study the possible unilateral establishment of interest rates generated by the servicing of the debt, with the idea of dividing the debt in two parts, old and new. The Cartagena group could also set a deadline for that division, and separate in figures the historical periods (military and civilian) experienced by most countries of the region over the past decade.

OAS SECRETARY TO TOUR L. AMERICA, CARIBBEAN

FL191854 Bridgetown CANA in English 1723 GMT 19 Feb 86

[Text] Washington, Feb 19, CANA -- OAS Secretary General Joao Clemente Baena Soares will visit Antigua and Barbuda and Trinidad and Tobago for the first time next week as part of an official tour that will also include Venezuela and Brazil, it was announced here today. The secretary general of the Organization of American States will arrive in Caracas on Saturday for meetings with high government officials and representatives of agencies responsible for OAS programmes.

He has been invited by the government of Venezuela for this first visit since he became secretary general in June 1984.

On February 26, Baena Soares, a Brazilian, will arrive in Trinidad and Tobago, for a one-day visit. From there, he will travel to Antigua and Barbuda for a three-day stay. An OAS statement said the trip is the result of Baena Soares' decision to go to all OAS member countries and get fully acquainted with their needs and with the way the inter-American organization could better help in their development efforts.

The secretary general will then fly on to Brazil as a guest of the inter-American press association, to participate in its assembly of directors to be held in the City of Salvador during the first week of March.

OAS APPROVES RESOLUTION FOR AID TO HAITI

FL151946 Bridgeton CANA in English 1926 GMT 15 Feb 86

[Excerpt] Washington, Feb 15, CANA -- The Organization of American States (OAS) said today it was prepared to help Haiti on the road to democracy. The pledge came after two days of debate on the Haitian situation and on the extent of OAS assistance to the Caribbean country, the Permanent Council of the OAS.

The organization said it as prepared to cooperate with the republic of Haiti in any way that will lead to strengthening the essential principles of representative democracy, but within strict adherence to the principle of non-intervention.

The council also approved by consensus a resolution in which it also authorizes Secretary General Joao Clemente Baena Soares to provide to the Haitian people the fullest possible assistance of a humanitarian nature, and to act in such a manner as to promote the legitimate aspirations of peace and freedom of the Haitian nation.

Chile did not participate in the debate or in the approval by consensus, accusing the OAS Permanent Council of not abiding by its obligation to ensure that the principle of non-intervention, which surely constitutes the main achievement of the inter-American system, will be fully observed.

CAPUTO DISCUSSES DEBT, U.S. TALKS ON RETURN

PY160145 Buenos Aires TELAM in Spanish 1703 GMT 14 Feb 86

[Text] Buenos Aires, 14 Feb (TELAM) -- Today Foreign Minister Dante Caputo said that Latin American must draw up a solution to the continental foreign debt problem because an emergency situation already exists and the region runs the risk of instability if the problem is not handled properly. He denied that the call for a meeting next month in Punta del Este by the Cartagena Consensus follow-up group is a Latin American response to the U.S. refusal to handle the foreign debt problem from a political standpoint. He added: this is, by no means, a response to nor a conforntation with anyone. He said that this meeting means the implementation of a mechanism that was designed in December, through which -- if an emergency should appear -- the follow-up group formed by five countries would be summoned.

Caputo arrived at 1030 [1330 GMT] at Ezeiza International Airport from New York, ending a lengthy tour that took him to the Soviet Union, Geneva, Hungary and the United States. There he discussed the continuation of negotiations with Great Britain at the United Nations and the foreign debt problem with U.S. officials.

Caputo added that the emergency situation already exists. There are two problems: In the first place, nothing has changed in terms of the international debt. There has been no initiative that could help us solve this scourge that affects the Latin American economies and societies; in the second place, the severe drop in oil prices seriously jeopardizes some of the most important economies of the continent such as Mexico and Venezuela. Ecuador is also affected. Therefore, the continent must draw up an answer to this situation.

The foreign minister said that he had told the State Department authorities in Washington, that although the Central American problem is serious and important, the foreign debt problem is much more important. South American stability and the definite return to democracy are subject to the solution of the debt problem.

Caputo said that it is not fair that a debt that was not contracted by the Argentine people should now be paid back by the workers and the people. We demand that the debt problem be handled differently as a basic condition for a political stability. The historic challenge to Argentina now is to combine democracy with efficiency and development. We are making our utmost effort to achieve this.

He went on to say that this development, the possibility for a better life, is seriously threatened by the debt problem. This he added, is not something that only affects us. If the problem is not handled properly, there is a risk of instability in the South American continent and this risk may affect the rest of the world. Therefore, he said, we must reconsider this problem and discuss it again seriously. It is impossible that we do not have an answer, or that the answers should only appear after a hard blow, after a great quake. For this reason we are going to meet to reconsider this new situation.

Caputo termed as auspicious and very useful a visit by a group of Argentine legislators to London to discuss the Malvinas issue, since a dialogue at a parliamentarian level allows more freedom, allows a rapprochement, allows the discussion of issues that in the political-diplomatic dialogue are more difficult. Caputo stated that when a foreign minister or a member of the Foreign Ministry makes a statement, to some extent, they compromise entire future negotiations. This does not allow us much freedom to talk.

The minister said; I believe that, in the case with Great Britain, a dialogue must be initiated. This one at a parliamentarian level is very auspicious. There is always the hope of solving problems if there is a chance for negotiations and dialogue.

Minister Caputo confirmed that he brought a secret message from U.S. President Ronald Reagan to his Argentine counterpart, President Raul Alfonsin. This message was delivered to Caputo by U.S. Secretary of State George Shultz during a meeting held in Washington with representatives of the Contadora Group and of the Contadora Support Group. The message is addressed to the eight chiefs of state represented at the meeting. When he was asked whether the letter had anything to do with the meeting which the Group of Six will hold in this capital, he said that that meeting is very important.

He noted that what the Group of Six had done had had a worldwide impact, that its conclusions and communiques are taken into account in all forums that discuss the arms race, in Geneva, the United States, or the Soviet Union. Although we are countries that do not have military power, we have that valuable asset of the power to reason, which allows us to have an important international impact.

He was asked whether the U.S. refusal of the proposals of the Latin American countries could be interpreted as a change in the attitude of the Reagan administration in face of the continent's concern over the Central American problem. Caputo summarized the meeting and said that it had a very positive aspect as well as a not so positive aspect. The positive aspect was that we held a dialogue, which is something that we appreciate greatly. We were very well received, it was a very frank meeting, and Secretary Shultz himself suggested a couple of times that this should be the beginning of a broader dialogue, not only about this subject, but also about other matters that affect the continent. We believe -- he said -- that the beginning of a dialogue with the United States to discuss regional problems is a logical and rational attitude that should be maintained between our regions.

The not so positive aspect was that the United States maintains its position, Caputo said, adding that he belives that the U.S. interests are taken into account in the Caraballeda proposals. We proposed that nine points be executed simultaneously, including one which demands the withdrawal of all support of the irregular forces.

A national reconciliation is also included among the points, and the United States believes that it is a very important objective. This is why it must be undertaken simultaneously, to construct the mutual confidence among all the countries involved in the conflict. Anyway, the positive thing is the dialogue. As long as a dialogue is started there is the possibility for negotiations, Caputo said. He added that, in all, although no considerable progress was made, at least they had progressed with a work instrument, which is the dialogue. When asked what Latin America could do regarding the United States which continues to support the irregular forces that fighting the Managua government, Caputo replied tersely: "What we are already doing."

BRODERSOHN ON DEBT INTEREST NEGOTIATIONS

PY190209 Buenos Aires DYN in Spanish 1833 GMT 18 Feb 86

[Excerpt] Buenos Aires, 18 Feb (DYN) -- Finance Secretary Mario Brodersohn today revealed that the Argentine Government is negotiating a two-point reduction in the interest rates of most of the Argentine foreign debt, although he admitted that the government is finding "difficulties" in this task.

Brodersohn made this statement in the Senate while speaking with Radical Civic Union [UCR] senators. He said that the government is trying to obtain a two-point reduction in the LIBOR [London Interbank Offered Rate] rate in force on most of the international loans granted to Argentina. He said, however, that he is optimistic about the negotiations, despite acknowledging some problems.

The finance secretary also said that this year Argentina is supposed to make payments on the principal totaling $10 billion plus $5.2 billion for interest. He said that the government intends to "pay less than 50 percent of the interest and refinance the rest." The amounts revealed by Brodersohn are equivalent to alloting "approximately 30 percent of the income from exports" to pay the interest on the foreign debt. This percentage is similar to the one paid in 1985 when the Argentine Government made payments worth $2.472 billion, according to the finance secretary.

Brodersohn made a detailed analysis of the Argentine economic situation and said that the Austral Plan is developing "favorably and within our expectations." He said that the main pillar of the plan is "the monetary stability, within an appropriately flexible structure." In this sense, Brodersohn explained that the domestic deficit expected in the national budget "will be covered by foreign credit" without having to issue more money, in order to maintain the government's policy which was announced with the implementation of the Austral Plan.

FURTHER REPORTAGE ON DELEGATION VISITING UK

Gass on Official Talks

PY182051 Buenos Aires Domestic Service in Spanish 1600 GMT 18 Feb 86

[Text] Today's most important news undoubtedly concerned the validity of an alleged invitation from the British Government to the Argentine legislators to meet with Foreign Office representatives. Radio Nacional has been to the source itself and since the source is in London, Radio Nacional contacted Senator Adolfo Gass, the head of the Argentine delegation visiting London. This morning Radio Nacional called Senator Gass and asked him whether there had been such an invitation.

[Begin Gass recording] I categorically deny it. Although the idea of holding such a meeting was suggested to us, we rejected it because it was not scheduled during the consultations we had in London with Buenos Aires [as heard], and also because we represent neither the Argentine Government nor the Argentine Congress. We are merely legislators who listen to some things and inform on others.

I urge you, therefore, to categorically deny reports that we are going to hold meetings with representatives of the British Government. Even more so if, according to a statement that has been issued, they say they are willing to discuss any issue except the [Falkland Islands] sovereignty issue. You can imagine that as Argentine legislators we cannot and will not participate in talks that do not include the sovereignty issue. [end recording]

We have heard the statement issued from London for Radio Nacional, and therefore for the entire Argentine nation, by Senator Adolfo Gass. We also wanted to know the British media's reaction to the issue and the steps taken by the Argentine delegation to resolve the situation.

[Begin Gass recording] The radio reported that we had agreed to hold negotiations but not on the sovereignty issue. We denied this in a communique we issued to the local media. We are now informing the Argentine public through your radio of this denial. [end recording]

UCR [Radical Civic Union] Deputy Federico Storani, chairman of the Chamber of Deputies Foreign Relations Commission, who also is in London, spoke about the same issue. He said that no invitation had been accepted or rejected, simply because none had been extended by the Foreign Office. The UCR deputy reasserted the position of the four Argentine legislators who are visiting the United Kingdom in response to an invitation extended by the South Atlantic Council.

Gass on Falklands Talks

PY191459 Buenos Aires DYN in Spanish 0003 GMT 19 Feb 86

[Text] Buenos Aires, 18 Feb (DYN) -- UCR [Radical Civil Union] Senator Rodolfo Gass described today as "multifarious" the position on the Malvinas Islands expressed by the British political leaders and said that although this situation "favors the Argentine aspirations, it would be premature to think that the British Conservative Government will soon agree to comply with the UN resolutions."

Evaluating the results of the visit he is paying to Great Britain in the company of three other Argentine legislators, Senator Gass stressed that only "a cautious optimism" should be maintained in the short term, although in his opinion the British Government will have to sit down at the negotiation table, as the UN General Assembly has ordered.

In a statement to DYN by telephone from London, Gass said that during the meeting the Argentine legislators held with 20 British legislators who form their country's representation in the World Interparliamentarian Union, he could notice that Conservatives, Liberals, and Laborites revealed "different stances toward the same problem, just the opposite of what happens in the Argentine delegation." He explained that "the firm position of the four Argentine congressmen -- two from the government party and two from the opposition -- stood against contrary positions that were, at times, at odds among themselves."

Gass also said that this morning's "talks held at the House of Commons were broad" and that he was satisfied with the results. He added that the meeting with members of the House of Lords was more restricted, and that the Argentines limited themselves to answering specific questions asked by the British. He further said that the talks they had in the meeting with the Lords, all of whom were members of the nobility or with the rank of noblemen, "were not as broad" as those they held with their counterparts in the House of Commons.

Gass also reported that the Argentine legislators had met with David Steel, leader of the Liberal bloc in the House of Commons, and conveyed to him personal greetings from President Raul Alfonsin. He said that Steel was moved and called the Argentine president "a great statesman." Answering a question, Gass said that the visit of the Argentine delegation "has had a great repercussion in the British press, and numerous journalists were closely and attentively following the movements of the delegation."

Gass then pointed out that "we made it clear at all times that Argentina is willing to negotiate, but that the question of sovereignty must necessarily be included in any agenda that is proposed," adding that "it was made clear that it is our aspiration that the United Kingdom should abide by the resolution of the UN General Assembly." Tomorrow at 1200 (British time), the head of the Labor Party will visit the Argentine legislators at the hotel where they are staying. Thus, Gass said, Neil Kinnock "will have the courtesy of coming home to us, I might say, to greet us and to exchange ideas on the Malvinas with us."

UK Official To Visit Falklands

PY200214 Buenos Aires Argentina Televisora Color Network in Spanish 0000 GMT 20 Feb 86

[Excerpt] The British Foreign Office [preceding two words in English] has disclosed that Baroness Young, in charge of the British Government's Latin American affairs, will travel to the Malvinas Islands next Sunday, 23 February, to get first-hand knowledge of the situation in the archipelago. It has been learned from British political circles that the Margaret Thatcher government's decision to send a government official to the southern archipelago, at the same time that it has declared that the sovereignty of the islands is not negotiable, represents a political response to the many activities being carried out in the United Kingdom by four Argentine legislators. The visit that Argentine Senators Adolfo Gass and Julio Amoedo and Deputies Federico Storani and Jose Bordon are paying to Great Britain has prompted a new internal debate within the political sphere of the Iron Lady's government, that has not been welcomed by Margaret Thatcher. Therefore, the Foreign Office promptly spread the rumor about a meeting that the Argentine legislators would meet with British officials first, and then announced the sudden visit of a British official to the Argentine islands.

NEW DEFENSE MINISTER FAVORS MORE MILITARY TRIALS

PY140255 Buenos Aires TELAM in Spanish 0009 GMT 14 Feb 86

[Text] Buenos Aires, 13 Feb (TELAM) -- This afternoon Defense Minister German Lopez voiced his agreement with President Raul Alfonsin's statements to U.S. journalists that more military officers suspected of committing crimes during the last de facto regime will be brought to trial. Lopez said that he supports the president's statements -- although he noted that he had not heard them -- through a basic sense of responsibility and discipline.

Shortly after being sworn in to his new post, the minister confirmed that he will continue the task being carried out by the government to solve the problems of the entire country. He added that in this regard, the Armed Forces are no exception, they form part of the republic and the government's political program also includes them. When he was asked whether the Armed Forces are definitely integrated into the society he answered: certainly. He then stated that the task ahead of him will be difficult, as are all tasks undertaken with responsibility.

Shortly afterward, Lopez went to the Defense Ministry where he assumed his new post and promised to cooperate with the government's determination to establish a harmonious policy, peace and progress, a task in which the Armed Forces, a fundamental institution of the republic, are involved. During a talk with journalists accredited to the Defense Ministry, Lopez refused to make any specific statements regarding the Armed Forces, but included them when referring to the overall problems of the republic since the Armed Forces do not represent an isolated problem. Lopez verified that Horacio Jaunarena will continue as defense secretary and noted the president's determination to streamline the economy and draw up a coherent and feasible plan to project the republic's image on every frontier.

PAPER PREVIEWS SARNEY'S MESSAGE TO CONGRESS

PY180050 Sao Paulo FOLHA DE SAO PAULO in Portuguese 16 Feb 86 p 31

[By reporter Milano Lopes from Brasilia]

[Text] The foreign debt problem will be treated politically and will demand unusual measures from the banks, public authorities, and debtor countries. Any solution acceptable to Brazil, and, consequently, politically viable, should not impose a disproportionate burden on the country, because Brazil, which is a sovereign debtor, can react to the detriment of the creditor institutions and particularly against the banks.

This is a passage of the first draft of the message that President Jose Sarney intends to send to Congress on 1 March, when it reopens. In the long passage on the foreign debt, the president affirms that "the government intends to act with firmness in the renegotiation of the foreign debt, so that its repayment can be spread over a longer period, on a politically acceptable basis, even rejecting the very high interest rates, commissions, and spreads charged in the recently concluded operations." According to the president, "the government, should it be necessary in order to guarantee economic growth, will determinedly seek to increase the flow of resources made available to the country and to review the conditions directly or indirectly imposed by the foreign creditors."

Concluding the passage regarding the strategy for the renegotiation of the foreign debt, the president affirms that "the government is aware of the real nature of the hardening by the international financial market, and it will not passively accept excessively onerous terms on the flux of loans it will try to restablish." Still, Sarney points out that "these measures, although firm and courageous, will not cast doubt over the seriousness of our purpose and Brazil's basic credibility, attested to you by the extraordinary and successful readjustment effort made in recent years."

This is the first time the president is hurling a threat at the creditor banks, although without specifying the reaction the government of the new republic will adopt. Ever since renegotiations have been resumed, this government has established, as an unmovable directive, that the foreign reserves will be maintained at a reasonable level to prevent possible crises in foreign exchange. Should reserves dip below that margin of safety, a margin that the government never spelled out, the payment of interest to foreign creditors will be delayed.

This is also the first time for the president to make public the Brazilian Government's disposition to pressure the creditor banks into accepting a multiyear rescheduling of the foreign debt. This rescheduling will then substitute the annual rollover of portions of the debt falling due every year. So the multiyear rescheduling is being negotiated in New York, where new money to finance the growth of the Brazilian economy is also being sought.

Initially, the presidential message addresses "the New Republic's commitment to democracy, social justice, and sovereignty." Then it examines "the new development model" and gives an account of the main economic events in 1985. A special chapter is devoted to "the prospects and priorities for 1986," which is divided into four subheads: inflation and growth; social priority; solution to the public sector problem; and the foreign debt issue.

In the chapter of commitments of the New Republic, the president turns again to the foreign debt issue and says that the treatment the government gave to it was a clear demonstration of the exercise of sovereignty. However, Sarney makes the execution of his government program -- which is based on the premises of sovereignty, democracy, and social justice -- conditional on the solution to the inflation problem "with firmness, competence, and social responsibility."

Regarding the new model of economic development, the president says that the economy grew 8 percent last year, with an outstanding performance of 8.2 percent by industry, 15 percent by durable consumer goods, and 12 percent by the agriculture and livestock sectors. As for salaries, Sarney said the minimum salary was readjusted by 12 percent above inflation last year, while other salaries were readjusted by 7.5 percent.

On the public debt, Sarney says that the government does not accept that a balanced budget be obtained immediately at any cost: "Had we done that in 1985, we would have sacrificed economic growth and employment and jeopardized the resumption of private investment.

The problem of inflation, which is an absolute priority for the government's new Cabinet, permeates the economic chapter of the presidential message to Congress. In order to fight inflation, the president insists on a "broad social agreement" to eliminate the inertial component of inflation. This inertia is created by price increases followed by salary readjustments which cause new price increases, thus establishing a vicious circle.

In mentioning the prospects and priorities for 1986, President Sarney emphasizes the need for sustained growth. He predicts a 6 percent increase of the GDP for this year, and stresses the significance of social priorities to correct the situation of poverty and inequality. Special mention is made of the agrarian reform program and a limit of 0.5 percent of the GDP for this year's public deficit is proposed as a solution for the difficulties in the management of the public sector.

The political option for freedom is fundamental. Hence our refusal to use authoritarian instruments like the National Security Law. Our respect for the congressional prerogatives and authority prompted us to abandon the constitutional time-limit mechanism for approving bills without congressional vote for legislative initiatives of the executive branch.

The Brazilian GDP showed the highest rate of growth in the world, reaching levels resembling those registered before the recessionary period. The employment situation recovered quickly with the creation of 1.5 million new jobs. The minimum salary was increased by 12 percent above inflation. In 1 year, the average industrial salary recovered all the loss of purchasing power suffered during the recession.

Prolonging recession and unemployment is no solution to the public deficit problem. Only through economic prosperity will we generate the resources to cover the deficit. We already obtained eloquent evidence of the success of that strategy in 1985. The collection of federal revenues increased nothing less than 15.3 percent in real terms. The revenues from the Merchandise Circulation Tax [ICM] for the states increased approximately 20 percent in real terms. The most notable example, however, was in Social Security where revenues rose by 21 percent in real terms, thus entailing the first surplus in many years.

The public finances inherited by the New Republic were in a sorry state. Mounting inflation and the recession in recent years deeply eroded government revenue sources. Tax receipts, as well as those from public utilities and government-regulated prices were drastically reduced. In the effort to control inflation, the previous government allowed readjustments below cost of those fees and prices. The expense structure became inflexible because of the compensatory character such expenses assume in times of recession, and above all because of the rigidity that the monetary correction imposes on financial commitments.

The New Republic also inherited a heavy inflationary burden. In March 1985 monthly inflation seemed to have reached a level of 12 percent, and the expectation was that it would accelerate. In addition, there was a widespread -- and legitimate -- disbelief in the orthodox instruments to fight inflation. An undeniable fact is that the salary squeeze policy imposed on society in the past only resulted in the unjustified loss of income for workers, contributing nothing to reducing inflation. The recession forced on the economy since 1981, was accompanied, contrary to expectations, by increased inflation. The result was heavy and intolerable inflation and a failed economic policy.

The government of the New Republic is by no means satisfied with the current level of inflation. The unification of indexes, the control of the deficit, and the reduction of interest rates constitute, in fact, the preliminary stage in the program to eradicate the inflationary process. Furthermore, the effect of those measures would have been seen sooner had we not been castigated by the drought in the country's main agricultural areas, a fact made worse by the absence of adequate regulating stockpiles.

CHIEF OF STAFF FAVORS RELATIONS WITH CUBA

PY191403 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 19 Feb 86

[Text] Brazil will resume diplomatic relations with Cuba this year. The news on the resumption of diplomatic relations between Brazil and Cuba, announced for late this year by the new Foreign Minister Abreu Sodre after a meeting with the president, was well received by Jose Maria do Amaral Oliveira, chief of the Armed Forces General Staff [EMFA]. [recorded passage indistinct] The EMFA chief does not see any problems with resuming diplomatic relations between the two countries. [recorded passage indistinct]

SODRE ON TRIP TO CUBA, SOVIET MESSAGE

PY191400 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 19 Feb 86

[Text] Foreign Minister Abreu has said that he has no plans yet to travel to Cuba, but that he eventually will go there to discuss the resumption of relations. The Soviet Government has congratulated the new Brazilian foreign minister, Abreu Sodre, saying that good relations and mutual cooperation will strengthen international peace and security. The message sent by Soviet Foreign Minister Eduard Shevardnadze was delivered by Soviet Ambassador Vladimir Chernyshen, who is the first diplomat accredited in Brazil to be received by the new Brazilian foreign minister.

CLASHES LEAVE MORE THAN 20 DEAD, MANY WOUNDED

PA180016 Bogota Television Service in Spanish 1730 GMT 17 Feb 86

[Excerpt] Despite clashes between guerrillas and members of the Colombian Army in the past few hours, Defense Minister General Miguel Vega Uribe has asserted that elections will be held in the country. The events in Buenos Aires, Cauca Department, Simiti, Bolivar Department, and Bogota left a total of at least 20 dead and numerous wounded, including guerrillas and Army and police members.

[Begin recording] [Vega] The situation is normal in most regions of the country. Some outbreaks of violence have occurred in several well identified places.

[Unidentified reporter] Do you feel that public order will be guaranteed in all the national territory during the elections?

[Vega] The military forces will guarantee for the Colombian people the latter's right to participate in the elections and cast their votes for the candidates of their free choice. Colombia can rest assured of this. With all our best efforts, we will guarantee these elections so that they can be held in the purest and most efficient way possible. [end recording]

22 Killed in Cauca

PA182107 Bogota Radio Sutatenza Network in Spanish 1200 GMT 17 Feb 86

[Text] Cali -- Eight military men and 14 guerrillas were killed in heavy clashes yesterday in La Mesa, Suarez jurisdiction, Buenos Aires municipality, in the north of Cauca Department, bordering Camundi municipality. The eight military men killed are seven soldiers and an officer of the Army's 3d Brigade stationed in Cali. Others were seriously wounded and are currently being taken care of in the department hospital. The soldiers wounded have been identified as Harvey Arizmendi, Henry Jesus Piedrahita, and Denis Didier Castro Giraldo. Troops of the 3d Brigade continued a combing operation in the north of Cauca Department this morning, near the valley where subversives of the so-called Guerrilla Coordinating Board clashed with the Army in La Mesa yesterday. The clashes lasted until late in the night in the western cordillera, on the border between Cauca and Valle Departments.

MINISTRY TO SUSPEND RADIO MACONDO TRANSMISSIONS

PA191953 Bogota EL TIEMPO in Spanish 16 Feb 86 p 7a

[Text] The Communications Ministry announced yesterday that Radio Macondo, a radio station owned by the M-19 [19 April Movement], which began transmitting recently somewhere in Sabana de Bogota, has no operating license and is regarded as clandestine. In a communique released to the press, the subversive group indicated that through this media, it plans to hold a national town meeting in which the people will be the great jury. According to the official source, in the next few hours the Communications Ministry will order the suspension of these transmissions and the seizure of all equipment. It added that it will be very easy to discover the place where the radio station is operating, since the ministry has enough tracking and other special equipment to do this. The spokesman recalled that a few years ago, the Communications Ministry seized from the M-19 a clandestine radio station that it had set up in Cauca Department with the use of ham radio equipment. It was recalled that the Army also has this search equipment, which was brought to the country some time ago, when the M-19 began intercepting television programs in order to broadcast communiques. Finally, the Communications Ministry described Radio Macondo as a revolutionary radio station that cannot function in this country because it lacks a permit to do so. The ministry announced that heavy sanctions will be imposed on those responsible.

COLORADO JUNTA REACTS FAVORABLY TO PROPOSALS

PY192047 Asuncion EL DIARIO in Spanish 19 Feb 86 p 19

[Text] The policymaking committee of the Government Junta of the Republican National Association, ANR [Colorado Party] yesterday studied a note that was submitted to it by 34 party members in which they express "with loyalty and good will" their wish to reconcile the party in commemoration of the first centennial of the party's founding. The note submitted by the "Group of 34," which is made up of well-known Colorado Party members, was well received by the members of the ANR Government Junta. It was studied yesterday by the party's policymaking committee. At the end of the meeting, it was said that the note "expresses, in a very respectful and correct manner, some points that will benefit the party."

This statement was made by [Health Minister] Adan Godoy Jimenez, ANR vice president, when commenting on the proposal submitted by the "Group of 34." He said: "Yes, we did find some positive points, particularly those relating to party reconciliation; and we shall take into account the goodwill they expressed on this matter."

Godoy Jimenez also said that the note specifies the need to commemorate in a dignified manner "the centennial of the founding of the Colorado Party, an issue which was already discussed and considered by the Government Junta sometime ago." Godoy Jimenez said: "I believe that one of them [the Group of 34] has the inaugural documents to the president during a ceremony, the date of which has yet to be established by the president. There are also other proposals."

The high-ranking Colorado Party member added that "Many of these fellow party members have rendered important services to the nation and to the party by filling high-ranking posts within the government as well as the party."

Regarding the proposed party reconciliation, Godoy Jimenez said that "They speak of reconciliation because perhaps they feel a little left out and they want to reintegrate themselves into the party. That is why they speak of reconciliation."

When speaking of the policymaking committee's reaction to this subject, Godoy Jimenez said that "We have never closed the doors to any party member who wished to offer his cooperation." Godoy Jimenez also said that the commission which will be responsible for all the activities to be held to commemorate the party's centennial will be established within the next few days.

All these issues will be discussed by the Government Junta next week, if it meets. Moreover, ANR sources have noted that the list of delegates to party precincts that are to hold meetings will be disclosed today.

POLICE CHARGED WITH EXECUTION OF SUSPECTS

PY200148 Paris AFP in Spanish 1934 GMT 19 Feb 86

[Text] Asuncion, 19 Feb (AFP) -- Court sources have reported that five Paraguayan policemen have been charged with torturing and executing four suspected criminals, one of them an 11-year-old child, 2 weeks ago in Alto Parana Department, 350 km east of Asuncion. The relatives of the victims have charged that the police acted with brutal ferocity, torturing and executing the criminals after they were handcuffed.

A police report released 2 weeks ago said that the criminals, who were charged with car robbery, died in a clash after refusing to surrender. According to the relatives, 11-year-old Gervasio Montania was shot after being handcuffed. In addition, his body was sprinkled with acid. There were indications that Pablino Gonzalez, whose body was handed over to his relatives, had been tied with a rope around his neck. Gonzalez' neck was broken, his arms showed that he had been hung by the handcuffs, and he had cuts on his back and bruises all over his body. In addition, he was shot in his face, in his stomach, and behind his ear, the relatives charged. They said that Joel Paredes was shot in the stomach, that his skull was broken, that he lost part of his encephalic mass, and that his forearm was broken. The fourth victim, Luciano Gonzalez, died in a similar manner.

The police do not have the right to kill people who have already surrendered, the relatives said, demanding that those responsible be brought to court.

FEPRINCO GROUP SUGGESTS NEW ECONOMIC POLICIES

PY150205 Asuncion ULTIMA HORA in Spanish 13 Feb 86 p 13

[Text] In a note addressed to the National Council for Economic Coordination, the Industry, Commerce, and Production Federation, Feprinco, requested that an economy policy for the short and medium term be established. To this end, the organization made suggestions in a document entitled "The Suggestions of Feprinco for Economic Reactivation."

A) It is desirable that an economic policy be defined for the short and medium term through the joint effort of the responsible government agencies and the private sector, setting priorities for the actions to be taken;

B) Positive results are to be expected from the continuous communication and cooperation through authorized representatives of the public and private sectors.

Foreign Exchange Policy

A) Elimination of the system of multiple exchange rates and adoption of a single floating rate market to stimulate foreign trade through the normal channels in order to avoid corruption and to attract foreign investors;

B) Adoption of monetary, fiscal, and financial measures to provide the foundations for a market of floating single exchange rate;

C) The Central Bank should perform its function of regulating the market to counter sharp fluctuations in the monetary exchange market;

D) Pending problems with international financial organizations should be solved, so that the private sector can have access to credits extended by those organizations.

Primary Production

A) Technical assistance should be provided:

-- to diversify the agricultural production for export, so as not to depend on two commodities basically (cotton and soybean) and to meet the needs of the internal market by stimulating the crops for consumption;

-- to increase planting areas and improve productivity;

B) Financial assistance with low cost credits at the proper time, for periods related to the production cycles and to the attendant investments.

Industrial Production

A) Fiscal incentives, and financial incentives for agro-industrial projects, which should be granted in a timely fashion, at an affordable cost, with an adequate payback period, so that the added value of raw materials can be increased inside the country; these incentives should be extended to both the export industry and the import-substitution industry;

B) Equal treatment should be given to the processing of domestic raw material for the production of goods for local consumption, so that the cost will be competitive with similar foreign products;

C) A more dynamic program, with well-defined goals to be attained over the short and medium term, for the production of raw material for the manufacture of fuel-grade alcohol; and a more coherent and effective implementation ofthe alcohol production policy;

D) Measures to effectively support the national or foreign private investment, with quick procedures for the approval of new projects.

Exports

a) To establish a floating single rate market for the selling of currency;

b) To offer financial assistance at the proper time at low cost and during marketing periods.

c) To substantially simplify export administrative proceedings and clearly define trade regulations: merchandise in transit; barter trade; draw-back [preceeding term in English]; etc.

d) To implement an overall tax exemption system, except where income taxes on specific profits are concerned;

e) To solve the problem caused by the excess of livestock through the reactivation of industries.

Imports

a) To define a clear import policy which is to be divided into essential, necessary, non-essential and luxury products, but without the establishment of prohibitions;

b) To resolve the problem of delayed reimbursments which affect the country's credit and which in many cases create economic and financial situations which are extremely detrimental to those businessmen who have complied with the pertinent requirements.

Taxing policy

a) The increase of fiscal resources will be achieved through a rational administration of the taxing system aimed at a drastic decrease in contraband. It is not advisable to increase taxes or create new ones.

b) The reactivation and reorganization of the national economy through the implementation of the proper adjustments will result in the increase of the required taxes, thus the state will be able to meet the higher costs resulting from implementation of an exchange system such as the one proposed; and its international commitments.

Energy policy

a) Special incentives for the effective promotion of the fuel-grade alcohol production in the country and the maximum use of electric power.

b) Greater prudence in the fixing of prices of oil byproducts in view of its effect on the inflation rate. It is not recommended for these items to become an increasing source of fiscal resources, as they are today since they represent 22 percent of the ordinary income estimated for 1986.

c) Fuels to be used in basic activities, mainly diesel oil, should not be subjected to taxes;

d) Free access of the private sector in the production and marketing of fuel-grade alcohol since only in this manner we shall be able to obtain the desired results from the national fuel-grade program.

Salary policy

a) Salary increases, which are becoming more and more frequent, will have positive results only when we have more job sources available and production increases. Otherwise salary increases only promote a dangerous inflation which has a sort of chain-reaction-effect on the entire price structure of goods and services.

b) The government and the business sector share the responsibility of procuring new job sources for the unemployed and under-employed.

GARCIA ON FOREIGN DEBT, MIRAGE PURCHASE

PY191725 Lima Panamericana Television Network in Spanish 0200 GMT 19 Feb 86

[Excerpts] The suspension of constitutional guarantees and the curfew will remain in force for 60 days. This statement was made today by President Alan Garcia who added that so far the results of those measures have been positive. The president made this statement after inspecting a fleet of multipurpose trucks in the Plaza de Armas.

[Begin recording] [First unidentified reporter] Today you met with a Peruvian congressional delegation that had visited the United States. What can you tell us about it?

[Garcia] A multiparty congressional delegation visited the United States to meet with U.S. congressmen, bank and government officials. The delegation concluded that Peru is now recognized as an important country, not only in Latin America but also among the developing countries; that its views are respected and listened to; and that U.S. officials are willing to talk with Peru to seek a political solution to the debt. Peru has a pioneer position on this issue in relation to the other countries of the world. Therefore, there are good possibilities that the U.S. Government and organizations such as the World Bank and the IMF will understand that this is a political issue. Historically, the debt was created as a political instrument for the domination and dependency of our countries, and its solution must also be political.

[Second unidentified reporter] Is Peru going to close its doors to foreign investments?

[Garcia] Never. We support foreign investments. One thing is a loan with outrageous interest rates, and another thing is an investment sharing the risks of Peruvian development.

[First unidentified reporter] Have you talked with Foreign Minister Allan Wagner, who is in Paris negotiating the contracts for the purchase of Mirage airplanes?

[Garcia] Yes, this morning I talked with him on the phone. He told me about his meeting with French Foreign Minister Dumas, with whom he discussed the reduction of the Mirage purchase, which I announced on 28 July. Unfortunately, the Marcel Dassault company, which sells the airplanes, has very little interest in reducing the number of airplanes. The company wants to make money and wants to make it at the expense of Peru.

We have already paid off $140 million on the 26 Mirages, and we would have to pay hundreds of millions more for the purchase of weapons. Under current Peruvian economic conditions, if we cannot pay the foreign debt, how can we purchase arms? This is why we are trying to find a point of equilibrium between the economic situation and the needs of Peruvian defense, that is, to reduce the number of planes from 26 to 12 or 14. Our proposal was first accepted in principle by the Marcel Dassault company, which is a private-state company. But, unfortunately, the same company is now putting obstacles in the way of this proposal, perhaps with the hope that Peru may decide to purchase all the planes. This is really unacceptable.

Then, going straight to the heart of the problem, I asked Foreign Minister Wagner to meet with his French counterpart Dumas and, if possible, with French President Mitterrand. We hope to get the cooperation of the democratic and socialist French Government on this problem. This is a commitment inherited from the previous government that totals hundreds of millions of dollars, perhaps $700 million, which cannot be justified. [end recording]

France 'To Study' Mirage Deal

PY191216 Paris AFP in Spanish 1534 GMT 18 Feb 86

[Text] Paris, 18 Feb (AFP) -- A diplomatic source has reported that French Foreign Minister Roland Dumas has promised to immediately study Peru's request to reduce the purchase of Mirage planes. He made this promise in Paris today on receiving his Peruvian counterpart Allan Wagner. According to a communique released by the Peruvian Embassy in Paris, during the meeting Wagner -- who arrived in Paris on 16 February for an official visit -- presented to Dumas a proposal to reduce the purchase of Mirage planes from 26, agreed upon with the previous government, to 13.

The communique states that the Peruvian foreign minister's proposal seeking a direct understanding between the two governments on the subject was received with understanding by the French foreign minister, who promised to immediately study it with the appropriate French state organizations and to give an answer as soon as possible. The communique adds that for this reason Wagner will remain a few days more in the French capital.

The new Peruvian Government's decision to reduce the purchase of Mirage planes was announced by President Alan Garcia in his inauguration speech on 28 July last year. The communique goes on to say that this is in line with the policy outlined to limit armament purchases at national and regional Latin American levels in order to channel the scarce resources to the most urgent needs of the people.

The two foreign ministers also studied the state of French-Peruvian relations, confirming the high level of understanding and comprehension that exists between the two governments. The communique concludes by saying that the cordial climate in which the meeting took place between the two foreign ministers, reflects the excellent state of relations between the two countries. Wagner arrived in Paris from the United States and will leave for Lima on a date not yet decided, because he is waiting for an answer from the French government.

ALVA CASTRO ON FOREIGN DEBT, CANADIAN LOAN

PY181358 Madrid EFE in Spanish 2347 GMT 15 Feb 86

[Text] Lima, 15 Feb (EFE) -- Prime Minister and Finance Minister Luis Alva Castro today said that Peru will not sign any agreement or accord with the IMF and that his government will not be intimidated by any pressure. Alva returned today from a visit to Canada, where he obtained a 125-million Canadian dollar loan ($85 million), and to the United States, where he met political and financial authorities, such as IMF President Jacques de Larosiere.

A few hours after returning to Peru, Alva Castro visited the Finance Ministry and told the press that his meeting with De Larosiere was "firm but cordial." "We told De Larosiere," Alva Castro added, "about the dramatic situation in which our American Popular Revolutionary Party (APRA) government found Peru, as a consequence of the policies sponsored by the IMF."

"We showed Jacques de Larosiere the positive results of the 6 months we have been in office and confirmed that Peru will stand fast in its decision to pay only 10 percent of its annual exports to service its $14-billion foreign debt.

"The IMF may, of course, make whatever decision it chooses, but we have the impression that after our explanation the IMF officials will have a better understanding of the real Peruvian economic problem," Alva said. He also said: "The times are past when Peru knelt down to negotiate, and the necessities of the country's population are above any foreign pressures, no matter where they come from." On 10 February, the IMF gave Peru a deadline until 14 April to pay its overdue IMF debt for the year 1985, which totals $75 million. The Peruvian prime minister said that he had obtained from Canada an $85-million loan to be started with the arrival in the country of 15,000 tons of urea and a communications system for the Peruvian Andean region. Alva said that Canadian Prime Minister Brian Mulroney had promised to support the Peruvian position on the payment of the foreign debt before the international community.

LIMA MAYOR SUPPORTS GARCIA ON IMF POLICY

PY181450 Lima Television Peruana in Spanish 0000 GMT 18 Feb 86

[Text] Lima Mayor Alfonso Barrantes today said that the United Left supports the Alan Garcia administration in its firm position before the IMF, which is threatening to declare Peru ineligible for new credits.

[Begin Barrantes recording] We support the government in its firm position before the IMF in view of the latter's threats and the possibility that our country may be declared ineligible to get new credits. Here at home we argue, agree, or disagree, but the problems of the country are going to be resolved by Peruvians. We do not have to accept any impositions from the IMF or any foreign power. [end recording]

OFFICIAL WANTS MORE U.S. AID FOR DRUG CONTROL

PY182306 Paris AFP in Spanish 1607 GMT 18 Feb 86

[Text] Lima, 18 Feb (AFP) -- Peruvian Deputy Interior Minister Agustin Mantilla today issued a declaration asking the United States for more cooperation in the country's struggle against the increasing drug traffic in the Amazon jungle. Mantilla said that over the last 6 months 70 clandestine airstrips and laboratories belonging to Colombian and Peruvian drug-traffickers were destroyed, 7 planes were seized, and 4,000 kg of cocaine and cocaine base about to be sent to the United States were confiscated.

However, most of the airstrips have been reactivated by the drug traffickers because the government lacks the equipment, manpower, and funds to control the vast Amazon jungle, the deputy minister admitted.

Just recently, Peruvian Interior Minister Abel Salinas revealed that U.S. aid to Peru for the latter's struggle against drug trafficking amounts to $4 or $5 million. The minister indicated that this amount is negligible if one takes into account that the drug traffickers take out of the Peruvian jungle approximately $2 billion worth of cocaine hydrochloride, which gives the Mafia profits amounting to $10 or $12 billion when it is sold on the market.

Mantilla said that soon the Peruvian and Colombian police will carry out another Condor operation against the resurrected strongholds of drug traffickers in the Peruvian jungle, where some 130 clandestine airstrips are believed to exist.

ECUADOR, COLOMBIA JOIN ANTIDRUG OPERATION

PY191500 Lima Radio del Pacifico in Spanish 1200 GMT 19 Feb 86

[Text] Deputy Interior Minister Agustin Mantilla yesterday reported that Ecuador, Peru and Colombia have decided to undertake a joint operation against drug trafficking in the entire Amazon region. This joint undertaking within the framework of the so-called Condor Operation has been implemented because it has been proven that international drug rings have again built numerous clandestine landing strips in the area, thus continuing their drug trafficking operations with impunity.

SHINING PATH DEFIES STATE OF EMERGENCY

PY192112 Paris AFP in Spanish 1610 GMT 19 Feb 86

[Excerpts] Lima, 19 Feb (AFP) -- The Peruvian police today found that the Maoist Shining Path guerrilla group is defying the state of emergency when commandos of that organization in the last few hours tried to set fire to two downtown supermarkets, a 33-floor building, and a university facility. The attacks were not successful, but the Shining Path terrorists broke their silence and threw pamphlets claiming responsibility for the gigantic fire on 4 February that destroyed 20 businesses in the old Lima commercial district located only two blocks from Government Palace. The Shining Path also claimed responsibility for the killing of Army officer Ruben Izquierdo on 5 February, Civil Guard Captain Leon Torres Human on 31 January, and Civil Guard officer Juan Oscar Vera on 10 January. They were murdered in different parts of Lima.

This terrorist grouphas told EQUIS magazine that it is going to defy the state of emergency by hitting hard in the next few days. It has also claimed responsibilty for the attack on 6 February against Civil Guard Commander Guillermo Guerrero Reyes, who escaped injury. In the pamphlets the Shining Path threatens to execute Civil Guard Commander Guerrero Reyes, who like the other victims has fought against subversion. The group denies having kidnapped on 2 February Captain Alvar Artaza, known as Commander Camion, who fought in the Shining Path stronghold of Ayacucho. Artaza was on trial for illegal executions and the disappearance of a reporter. The Shining Path said that Artaza's kidnapping was not in its plans and that the officer is in the custody of the Navy Intelligence Service to prevent him from being judged in the regular courts.

Cooperative Destroyed

PY132241 Paris AFP in Spanish 1708 GMT 13 Feb 86

[Text] Lima, 13 Feb [AFP] -- The Lima Civil Guard today disclosed that a column of the Maoist Shining Path group has occupied one of the largest coffee and tea producing cooperatives in Peru. The terrorists destroyed the premises and burned the homes of some 5,000 peasants of the cooperative, which is located in the central jungle area. The attack occurred on Monday 10 February, but information has only just reached Lima because the cooperative premises are located in the midst of the Amazon jungle, about 100 km from Tingo Maria, 558 km north of Lima.

Joint Army and Civil Guard patrols have gone to the area to search for the terrorists who, according to leaders of the El Porvenir cooperative, totaled about 80. The cooperative has some 25,000 hectares of coffee and tea plantations, some of which were set on fire some weeks ago during attacks that until now had been a mystery to the cooperative members. According to the report, the terrorists entered the town Monday morning, firing their weapons and hurling dynamite sticks at machinery, offices, warehouses, generators and a fuel tank, until they destroyed everything. After setting the building on fire the terrorists gathered the workers in a field and burned 2,000 houses. The attack apparently did not cause any casualties.

According to the workers, the terrorists remained in the area for some 7 hours and left only when they realized that everything had been destroyed. On the remains of some walls they painted slogans referring to the Popular Republic of New Democracy [Republica Popular de Nueva Democracia], that is supported by the Maoist guerrilla group headed by Abimael Guzman.

In the meantime, reports received from Ayacucho, 575 km southeast of Lima, stated that the town of Chapi, where an alleged massacre of 3,000 peasants carried out by military officers was reported, had really been attacked by members of the Shining Path group who have that region under their control. A congressional commission for human rights yesterday visited Chapi, 180 km northeast of Ayacucho, accompanied by military authorities. Deputy Benjamin Madueno stated that Chapi, as well as other neighboring towns, showed signs of having been set on fire but not bombed. The reports stated that the alleged massacre took place in 1984. The authorities stated that according to the information, there were not many victims and that the continuous attacks and looting by members of the Shining Path probably compelled the inhabitants to flee to safer areas.

Peasants, Policeman Killed

PY180138 Paris AFP in Spanish 1541 GMT 17 Feb 86

[Text] Lima, 17 Feb (AFP) -- Sources of the military high command in charge of counterinsurgency today reported that one policeman, two peasants and six terrorists died and two Air Force privates were wounded in recent Shining Path attacks throughout Peru.

Furthermore, two Army privates died in Ayacucho, 575 km southeast of Lima, when a military truck carrying supplies for the troops fighting the Shining Path fell into a ravine when the bridge it was crossing collapsed, a communique reported. The communique of the military high command did not specify whether the bridge in La Mar Province had been sabotaged, but indicated that investigations are under way to find out who is responsible for the accident. These most recent deaths, excluding those of the two soldiers involved in the truck accident, bring this year's terrorist death toll to 92.

Unknown terrorists machine-gunned a Republican Guard who was traveling in a public bus in Pasco, 317 km east of Lima, the authorities reported. In Ayacucho, approximately 15 Shining Path guerrillas attacked the village of Cachobamba on 15 February, staged a popular trial and proceeded to hang a peasant after accusing him of cooperating with antiguerrilla troops. On the very same day, another terrorist group shot a farmer to death in Gran Bretana, a village in the Amazon region, because the latter refused to supply them with food, according to government officials in Tarapoto, 830 northeast of Lima.

Three days ago, a Civil Guard detachment clashed with a group of six Shining Path guerrillas in the hills of Cacra, Yauyos Province, some 200 km southeast of Lima. During this clash an 18-year old guerrilla died and her five comrades perished soon afterward when they fell into a deep ravine while fleeing from the Civil Guards.

The Air Force reported that two of its soldiers were seriously wounded on 16 February in Pisco during a guerrilla attack on military housing at the Air Force base in Pisco, 250 km south of Lima. The attackers took a machine gun from one of the soldiers and escaped on a motorcycle.

The authorities have reported that extremist activities have been increasing throughout Peru after President Alan Garcia's social democratic administration levied a state of emergency on Lima, suspended individual rights, and ordered a curfew in order to curb a terrorist onslaught. The weekly EQUIS reported today, after 10 days of successful implementation of these measures, that the terrorists are preparing another onslaught for late February or early March.

According to this magazine, Shining Path sources have stated that the emergency measures in Lima have no effect on their activities and as far as this guerrilla group is concerned the situation remains unchanged because its members have never had any rights and are used to operating under those conditions. Shining Path spokesmen told EQUIS, a magazine which usually carries information concerning this guerrilla group, that to prove this we plan to hit hard on those days.

GARCIA PLANS ACTION AGAINST NESTLE PLANTS

PY192059 Paris AFP in Spanish 0050 GMT 19 Feb 86

[Text] Lima, 18 Feb (AFP) -- Peruvian President Alan Garcia today announced that his administration will soon act against two powdered milk plants belonging to the transnational Nestle company for maintaining an irrational monopoly. Garcia stressed that in the next few days the government will act against the Perulac processing plant in Cajamarca, 840 km northeast of Lima, and the Gloria milk plant in Arequipa, 1,050 km to the south, both Nestle subsidiaries.

The president said that the state powdered milk subsidy through the state-owned enterprise Enci is being impaired because the two plants are taking advantage of it for purposes other than promoting popular consumption. He explained that Perulac processes powdered milk and sells it to Enci for 3.20 intis (.$23 cents) and that this state-owned enterprise then sells it to the Gloria plant at the subsidized price of 1.50 intis ($.11 cents). The Gloria plant then produces canned evaporated milk and sells it to the public for 4.80 units ($.34 cents).

Due to these prices the Gloria plant has stopped buying fresh milk from the dairy farmers in southern Peru and uses the powdered milk production subsidized by the government for popular consumption. Some months ago the president publicly suggested that the Gloria plant stop using expensive tin cans in order to lower the price of its milk, but it is reported that the system remains the same. Garcia said that for this reason the government deems operation of the Perulac and Gloria plants as an irrational monopoly that is against his policy of lowering the prices on basic foodstuffs, as well as the program of defending the cattle industry, which is handicapped by the powdered milk business.

OPPOSITION LEADERS ON U.S. HUMAN RIGHTS REPORT

PA192133 Panama City LA PRENSA in Spanish 16 Feb 86 p 1a

[By Franklin Bosquez D'Giovanni, Flor Quintero, and Jose Quintero de Leon]

[Excerpts] Three opposition political leaders welcomed, although as somewhat overdue, the report on human rights sent by the State Department to the U.S. Congress in which, clearly contrasting with previous years, it describes Panama as a country where the military are above the civilian government.

"The U.S. State Department report merely belatedly confirms the political reality of the Panamanian nation; that is, the military domination over civilian power." Such was the reaction of Alfredo Ramirez, president of the Liberal Republican Nationalist Movement (Molirena), on learning about that U.S. Government agency report to Congress concerning the human rights situation in Panama. Asked if the State Department opinion would influence Panamanian politicians to produce a democratic change, he commented that regardless of the opinion of the State Department, Molirena will continue striving to achieve such an unpostponable objective, on which the life of the nation, itself, depends.

In the opinion of Molirena's president, just like in Paraguay, Peru, Brazil, Argentina, Colombia, Venezuela, Guatemala, the Dominican Republic, Honduras, and El Salvador, the time has come for Panama to return to civilian rule.

On the same topic, the acting president of the Christian Democratic Party (PDC), Guillermo A. Cochez, Jr., believed the State Department's appraisal that the military continues dominating Panamanian politics is an observation reflecting "a general consensus in all sectors" about the real situation in this country. He explained that all countries evaluate the situations of those nations with which they have relations, even though they may not be diplomatic, for which such reports are routine in every Foreign Ministry, "particularly one with the international dimensions and relations such as those of the United States of America." He said this because "the defenders of the regime will now surely claim that the State Department, having voiced its appreciation of our reality, is interfering with the internal affairs of Panama."

Legislator Cochez believed that the United States would, in fact, be interfering in the nation's affairs, by violating our sovereignty, if it would affirm that there is true democracy in Panama, where pluralism and human rights are respected, and where we all enjoy freedom and access to social communications media. "Such interference," he added, "took place when it concealed the 1984 electoral fraud, and when it denounced the ousting of Barletta, which is the principal trauma responsible for the current situation affecting us due to the heavy crisis consuming us, which could not be resolved with the fraud. At the time, the regime did acclaim the U.S. reports."

Finally, the undersecretary general of the Authentic Panamenista Party, Guillermo Endara, although refraining from making any comments on the State Department's report on human rights presented in Washington, did point out that nobody should be surprised now that the wrongly called "civilian governments" born of the "monstrous" electoral fraud of May 1984 should not respond to the people and their interest, it being the reason why they cannot find a solution to any crisis.

He added that to "think that a government born of fraud and committed to the arbitration of the General Command could resolve the economic problems affecting our country is an illusion only those who are not aware or do not want to recognize the facts of Panama. [no closing quotation mark as published]

PRT ON GOVERNMENT IMPOSING IMF LETTER OF INTENT

PA172252 Panama City LA PRENSA in Spanish 16 Feb 86 p 21 a

[Communique issued by the Revolutionary Workers Party, PRT, National Directorate]

[Text] Treacherously, the national government -- that is, the Defense Forces; the National Democratic Union, UNADE; and the executive branch -- are trying to impose the letter of intention that cost former President Nicolas Ardito Barletta his post, despite the fact that the national majorities last year were firm in rejecting such antinational measures. In fact, the nation's active sector foiled the previous administration's willingness to turn over the country to the rapacity of the international financial monopolies, by dismembering the local productive apparatus, eliminating labor legislation, and opening our economy to limits that threatened its virtual collapse. Thus, labor and business organizations, namely, the Coordinating Board for National Civilinianization, Cocina; The National Council of Organized Workers, Conato; and The National Council of Private Enterprise, CONEP; educators, and doctors and paramedical groups, buried the above-mentioned IMF strategy practically with their own hands.

Today, those who supposedly overthrew the previous administration for its submissiveness to the IMF are reediting the same proposal, but gilding the pill with a demagogic speech incapable of disguising its servility to the imperialist interests. That is, they are trying to promote the "Barletta Plan" without Barletta, which, in the end, means that Panamanian Government circles will try to mortage the country to the financial interests of such powers as the United States, West Europe, and Japan -- creditors who wish to collect even if they have to suck the blood of all our fellow countrymen!

It has already been learned that to carry out such impositions, they have decided to resort to every type of mechanism: persuasion, threat, bribery, and repression. This leads us to expect that, among other means, they will resort to the stale practice of smearing the prestige of well-known popular leaders, to flagrant threats, and, ultimately, to imprisonment and torture. Such antipopular actions, it must be made clear, are aimed basically against Conato. The popular movement must be clear in this: The prostrate desperation of the national government only sees a solution in surrendering to the foreign financial powers, as it cannot conceive a dignified solution that would imply the defense of the fatherland and the adoption of autonomous decisions centered on the interest of the great majorities: their right to life, work, and social justice. Therefore, it is logical to it that in the "power banquet," the head of the people is the one that should fall. That is the reason for its simple act of treason and lack of interest in the nation's destiny.

We are governed by those who always profitted from this system, and they do not intend to risk their control in the political leadership of the society: the businessmen, the new rich, and the corrupt military. They have played their card in favor of the imperialist boss; they serve him. That is why they want to eliminate the so-called "labor inflexibilities" of the Labor Code, to erase the urban and rural productive enterprises from the map, to further open the national economy, and, at any cost, to pay the foreign big stickers to the last penny.

In that respect, the entire nation, particularly the workers, must assume the titanic task of bearing on their shoulders the full responsibility of the national defense, if necessary. There is no other way; not to do so would be like renouncing your own life and that of your family.

That implies multiplying their social mobilization and increasing their effectiveness. It is necessary to coordinate the ranks to stop the employers and the government, to defeat any attempt to worsen the already critical living conditions of the majorities. This ample and democratic action must include holding meetings, work stoppages, consulting assemblies, and end up, if necessary, in a general sit-down strike that will eliminate any possibility of the enemies of the Panamanian country imposing their will. That is what it is all about: We cannot permit our declared enemies to run our house, despite the traitors that are ruling the country. National Directorate of the Revolutionary Workers Party (PRT), [Signed] Graciela J. de Dixon E.

FOUR ARRESTED IN KARDONSKI KIDNAPPING CASE

PA162112 Panama City EXTRA in Spanish 15 Feb 86 p 1

[Text] Raefael Guerrero, assistant prosecutor, and Lesli Loaisa, director of Criminology of the National Department of Investigation, DENI, who were in Geneva, Switzerland gathering information from officials in that country about four people who were captured in December as they tried "to launder" $1 million they had received as ransom for the release of Sam Kardonski, returned to Panama on Thursday. Although the prosecuting office and DENI officials did not want to give any information on their investigative mission, EXTRA has learned that they went to Geneva on 29 January and met with their Swiss colleagues. There they received copies of a thick file on this case.

We have also learned that the four money launderers -- two women, a Swiss and a Chilean; and two men, a Chilean and an Argentine or Spaniard -- have hired the services of several lawyers to gain their freedom. They were arrested on 5 December 1985 as they tried to use several packages of dollars whose serial numbers corresponded to those paid to alleged 19 April Movement, M-19, members.

Former Guerrilla Comments

PA181635 Panama City EXTRA in Spanish 18 Feb 86 p 12

[Text] Ovidio Salinas, executive secretary of the Patriotic Union, the political organization that groups the Colombian guerrilla elements who have ceased their subversive activities, told EXTRA that according to the information he has, the M-19 was not involved in the kidnapping of Jewish-Panamanian financier Sam Kardonski. Salinas, who visited our country last weekend, was approached at the People's Party headquarters, where he held talks with Panamanian communist leaders.

Regarding Kardonski's kidnapping, he added that the Colombian press published that the M-19 was involved. However, Salinas said: "We do not believe the M-19 kidnapped industrialist Kardonski."

On another subject, the guerrilla member who has now become a political organizer, rejected the possibility that Panamanian citizens are participating in the so-called America Battalion which, according to his country's newsmen, includes representatives of several countries and seeks to foment a popular uprising against dictatorial governments.

COSTA RICA

GOVERNMENT PROTESTS NICARAGUAN AIRSPACE VIOLATION

PA191401 San Jose Radio Reloj in Spanish 1240 GMT 19 Feb 86

[Text] The Costa Rican Government has again protested to the Sandinist regime because two Nicaraguan helicopters violated Costa Rican airspace on 9 February. Foreign Minister Carlos Jose Gutierrez sent a note saying that the violation took place near the La Trocha border post in the area bordering with Nicaragua, adding that the helicopters advanced over 800 meters into our territory.

The Civil Guards opened fire against the helicopters without hitting them, and the aircraft then went back into Nicaragua, the protest note added. In his protest note over the violation of our national airspace, the Costa Rican Foreign Ministry told the Sandinist government that it is deplorable and of great concern that such actions should take place at this time.

Foreign Minister Carlos Jose Gutierrez stated that apparently a new stage in the efforts to maintain correct relations is beginning, and the Costa Rican Government sincerely hopes that the Nicaraguan Government will understand it is important that such actions not occur again. The Costa Rican Government's protest is based on a report presented by the Public Security Ministry on the Sandinist helicopters' airspace violation.

MONGE AFFIRMS BORDER COMMISSION NOT MILITARY

PA192157 San Jose Radio Impacto in Spanish 1830 GMT 19 Feb 86

[Report by Gretel Tinoco from the Presidential Palace -- live or recorded]

[Excerpt] President Luis Alberto Monge has said that contrary to what Deputy Foreign Minister Cerardo Trejos has said, the observers and surveillance commission being discussed by the Costa Rican-Nicaraguan border commission will not be a military commission. Monge added, however, that the commission must have some military advisers, but it will not be a strictly military commission. he said that it is not advisable for the commission to supply its own weapons, that is, for it to bring its weapons from other countries. If any weapons are needed, these will be supplied by the Costa Rican Civil Guard.

Commission To Resume Work

PA180413 San Jose Radio Reloj in Spanish 0100 GMT 18 Feb 86

[Text] The Mixed Costa Rican-Nicaraguan Border Commission is to meet next week. Normalization of relations between our country and Nicaragua seems to be on the right course, since there is agreement to begin discussions on the project creating observer and surveillance an commission along the common border. To this end, Deputy Foreign Minister Gerardo Trejos has summoned a meeting with Former Public Security Ministers (Mario Charpentier) and Rondolfo Quiros Gonzalez to begin drafting the project that would be discussed within the framework of the mixed commission.

Deputy Foreign Minister Trejos said that tomorrow he is going to telephone Nicaraguan Deputy Foreign Minister Victor Hugo Tinoco to set the date for next week's meeting.

In addition, it was reported that the purpose of tomorrow's meeting with former Public Security Ministers (Mario Oscar Vantieri) and (Rodolfo Quiroz Gonzalez) is to discuss the basic aspects of what the commission of border observers and surveillance would contain. This project is to be discussed with the Sandinists next week, in what would amount to a resumption of the work conducted by the mixed commission, which stopped meeting over a year ago. Deputy Foreign Minister Gerardo Trejos, Deputy Public Security Johnny Campos, and Foreign Ministry Director General Albar Antillon would be traveling to that meeting.

A decision on the surveillance commission will be taken jointly. After a joint discussion, within the framework of the mixed commission, the decision will be made on seeking the establishment of the observers and surveillance commission through the Contadora Group framework. President Luis Alberto Monge's proposal contained in his reply to the Nicaraguan explanation of the Las Crucitas incident specifically stated that this request be made jointly. Also, Foreign Minister Carlos Jose Gutierrez said that in order to establish the commission, Nicargua would have to accept Monge's proposal.

Foreign Minister on Commission

PA192159 San Jose Radio Reloj in Spanish 1200 GMT 19 Feb 86

[Text] Foreign Minister Carlos Jose Gutierrez has said that a work group has been appointed to work on a draft proposal to be taken to Nicaragua next week. Another meeting of the same group will be held on Thursday or Friday to discuss the terms of the proposal, the foreign minister said, adding that the group includes the public security minister and deputy minister, the foreign minister and deputy minister, the former ministers of public security [name indistinct] and Mario Charpentier, and Carlos Arguedas. He warned, however, that the proposal will not be taken to Nicaragua until it is approved by the president of the Republic.

When asked if the commission would be a military one as Deputy Foreign Minister Gerardo Trejos had said, Foreign Minister Carlos Jose Gutierrez said: I would prefer not to use any terminology as long as the project has not been completed. Later on, Gutierrez added that logically, the project is a draft agenda for the meeting with Nicaragua to see if we can present a joint proposal to the Contadora and Support Groups.

The foreign minister also said that only Costa Rican and Nicaraguan delegates will attend the first meeting, and that there will be no representatives from the Contadora or Support Groups, as has been stated.

270 REFUGEES ARRIVE VIA NICARAGUAN BORDER

PA191956 San Jose Radio Impacto in Spanish 1830 GMT 19 Feb 86

[Text] A total of 270 refugees have recently entered our territory, and it is expected that another 50 Nicarguans will enter today. The most vulnerable spot is the Upala area; that is, the river in that area. It is not a very dangerous spot for the Nicaraguan families to enter our territory. It was also said that the Upala Red Cross in Veracruz and other border areas have reported that from there one can hear the clashes taking place in Nicaragua. However, no wounded persons or prisoners have entered that area.

ECUADOR'S FEBRES CORDERO CANCELS PLANNED VISIT

PA192011 Panama City ACAN in Spanish 1733 GMT 19 Feb 86

[Excerpt] San Jose, 18 Feb (ACAN-EFE) -- The president of Ecuador, Leon Febres Cordero, has cancelled an official visit to Costa Rica, scheduled between 24 and 26 February, according to official information. A brief communique of the Costa Rican Presidential Palace revealed the suspension of the trip of the Ecuadoran chief of state, but offered no further details.

BRIEFS

ITALIAN COOPERATION -- As a result of the ratification of a cooperation agreement signed by Costa Rica and Italy, Costa Rica will receive technical assistance in fields such as agriculture, fishing, agro-industry, professional training, and education. [Summary] [San Jose Radio Reloj in Spanish 1200 GMT 17 Feb 86 PA]

EL SALVADOR

ACEVEDO REITERATES SUPORT FOR CONTADORA DOCUMENT

PA191557 San Salvador Radio Cadena Sonora in Spanish 1700 GMT 17 Feb 86

[Excerpts] Cadena Sonora listeners, here is Salvadoran Deputy Foreign Minister Ricardo Acevedo Peralta to discuss the Central American and Contadora Group plenipotentiaries meeting that was held in Panama City on 14 and 15 February. During the meeting, the Salvadoran Government outlined its views on the resumption of the Contadora Group negotiations. Here is Ricardo Acevedo Peralta:

[Begin recording] Regarding the Caraballeda document, I would like to note that it is well-written and very subtle. It has prompted a wide range of interpretations from the Contadora Group and Nicaragua, as well as from the other Central American countries. The problem is to determine if the Caraballeda message is an independent document, or if it is part of the entire process of negotiations contained in the Contadora and Central American documents that have been drafted to date.

The Salvadoran view is that the Caraballeda message is not an isolated document; it constitutes a new spirit, a new declaration of the commitment to continue negotiating the Contadora Document. It reaffirms all of the agreements, documents of objectives and guidelines, and all of the other documents the Contadora Group has produced. Therefore, during the meeting held in Panama discussion centered on determining the nature of this document; that is, if it is an independent document or if it reflects the issues that have already been mentioned and agreed upon by the Contadora Group. The 2-day meeting was held to define the nature of the document and the next step Central Americans should take based on the Caraballeda message. [Words indistinct] the view that prevailed was the Central American, including Guatemala [changes thought] Guatemala, El Salvador, Honduras, and Costa Rica agreed that the only feasible thing within the Caraballeda message was to continue negotiating the Contadora Document. We also agreed that there could not be any solution other than to continue studying and analyzing the Contadora Document because this is the only thing that can ensure stable peace and lasting democracy in Central America.

The view of having a small Contadora Document based solely on security issues, which are included in the Caraballeda message, is unacceptable to us.

We do not want a fake peace, based solely on a security mechanism and on an arms buildup. We believe that there cannot be a lasting or true peace without genuine democracy. Therefore, the Contadora Document contains a [word indistinct] link among all of its elements. The elements favoring democracy are directly linked to aspects of security and these in turn are linked to aspects of economic cooperation. Therefore, we cannot divide the Contadora Document into three parts and make a separate document each time the political situation calls for or determines it according to the views of the Contadora and Support Groups.

We feel that linking or the in-depth handling of all the problems besetting Central America must be solved simultaneously, globally, and multilaterally. We do not accept any other view regarding the functioning of the Contadora Document. Therefore, all Central Americans made this point clear.

When the strategy was clarified, we proposed that Nicaragua continue analyzing the Contadora Document because we Central Americans -- the true democrats of Central America: Guatemala, Honduras, Costa Rica, and El Salvador -- have all of our documents in order to conclude the study of the Contadora Document regarding militarization, arms reduction, military bases, military troops, [words indistinct], and the verification and control mechanisms.

Nicaragua did not want to engage in the study because it said the Caraballeda message's meaning was unclear when other simultaneous actions were undertaken. Nicaragua wants to save its position, without assuming any commitments, and agreed that there should be a rather abstract, soft, very subtle treatment -- to describe it somewhat -- of the Caraballeda message.

The truth is that peace in Central America and the consolidation of democracy has been long delayed. However, Central Americans are not to be blamed for this. It is not the fault of El Salvador, Guatemala, Honduras, or Costa Rica. We have always been willing to conclude the Contadora Document and sign it as soon as Nicaragua agrees on the mechanisms that will force it to respect peace and democracy in Central America. As soon as Nicaragua assumes these commitments, when it gives evidence of a true willingness for peace and democracy, then we are willing to sign the Contadora Document. It is the only document that can guarantee peace. It is a single, final document that cannot be replaced; it guarantees peace. That is our opinion.

Our opinion is shared by Guatemala, Honduras, and Costa Rica. Only the Nicaraguans do not think this document is the key to peace and democracy in Central America.

ARMY DESTROYS 206 FMLN UNDERGROUND HIDEOUTS

PA191647 San Salvador Television Educativa in Spanish 1230 GMT 18 Feb 86

[Text] The Armed Forces Press Committee, Coprefa, has reported that 206 underground hideouts [tatus] were destroyed during Operation Phoenix.

According to reports from the officers in charge of the operation that began in the Guazapa area, since early February the various military units have found and destroyed a total of 206 underground refuges, commonly known as tatus.

[Begin unidentified officer recording] These hideouts are built underground using some hill or a cut in the terrain. They were built by someone who is an expert in building tunnels, such as those used in mines. The hideouts are similar to caves. They measure 20 to 36 sqyare meters, and can shelter 15 to 30 people. Most of them are not interconnected but are built mear one another. Some are 10 meters apart. Others are farther apart but are not interconnected, except for the trench-type hideouts which are connected. [end recording]

The 206 underground hideouts found by the military forces were located in Los Lirios, La Cruz, El Salitre, El Sapotal, La Caja, (El Bijagual), (Ceretral), Palo Grande, Platenares, Valle Verde, and El Chaparral. These underground refuges allowed FMLN groups to hide and to store supplies, medicines, and war materiel.

[Begin unidentified officer recording] When the Armed Forces were around, they [the rebels] hid their people in these refuges, and there was a team that was in charge of sealing them [entatuzarlos], putting the lid on them, and this is probably how some terrorists got killed in other operations. During Operation Phoenix, we found out that some people, 15 people, were in a refuge. They had been in there [entatuzados] for 25 days. They were only getting the necessary air and when they began to get desperate and started moving the stones covering them, they were discovered and were taken out of that refuge. [end recording]

Colonel Leopoldo Hernandez noted that the 206 refuges found on the Guazapa hill area were destroyed by explosives.

INTERNATIONAL DRUG TRAFFICKERS ARRESTED

PA191834 San Salvador Radio Cadena YSU in Spanish 1800 GMT 17 Feb 86

[Report by Sonia Pereira -- live]

[Excerpt] The Investigations Department of the National Police has captured a band of international narcotics traffickers and seized from them over $600,000 and 50 kgs of cocaine. The National Police detectives of the recently formed Joint Drug Force captured Miguel Angel (Ponce) Aparicio and Salvador Aparicio Avila, both Salvadorans, as well as Colombians Jose Ignacio (Daza) Garica, Alfredo Rivers Dominguez, and Rodrigo Garcia Vasquez; and Mexican (Sederiano) Soravia Mendoza, all involved in cocaine trafficking coming from Colombia en route to the United States.

During the investigations that led to the capture of the individuals, the detectives seized $220,000 in cash from the home of Miguel Angel (Ponce) Aparicio in Ilopango, and $438,900 from his safe at his office on North 59th Avenue in San Salvador. The detectives also confiscated a suitcase with 54 packages of cocaine that he had hidden at a construction site in Alto de Altamira, as well as 48 packages of cocaine at the Comalapa International Airport inside a suitcase that had been sent to him.

GUATEMALA

DEFENSE MINISTER SAYS GUERRILLAS 'UNDER CONTROL'

PA191750 Panama City ACAN in Spanish 0011 GMT 19 Feb 86

[Text] Guatemala, 18 Feb (ACAN-EFE) -- Defense Minister General Jaime Hernandez Mendez, said today: "The guerrilla movement is under control in three parts of the country."

Minister Hernandez said: "The subversive movement has not yet been eradicated, but it has been brought under control by the operational headquarters of the Departments of Peten in the northern part of the country; Quiche in the northwest; and San Marcos in the southwest, where various anti-Army activities have been carried out."

Hernandez Mendez added: "In the month and 4 days since the inauguration of the new Guatemalan President Vinicio Cerezo Arevalo, the guerrillas and the Army troops have engaged in clashes resulting in six dead rebels and seven Army casualties, including soldiers and civilian patrols."

General Jaime Hernandez added that during the clashes and the various operations, a considerable amount of weapons, explosive devices, medicine, food, and Marxist literature have been seized." [quotation mark as received]

General Hernandez Mendez said that during the present government, 211 refugees who were in Mexico turned themselves in to the Guatemalan Army, saying they had "returned to their country because of the situation prevailing there now."

In addition, the defense minister said that the offer of military assistance made by the United States "will be discussed with President Cerezo, before a decision is made as to whether or not it should be accepted. [quotation mark as received] The U.S. Government offered Guatemala $10 million in military aid which, according to Minister Hernandez Mendez, "would be used to acquire nonlethal equipment."

Without giving details, General Hernandez Mendez also said: "Recently, Moshe Dayan, Israeli ambassador to Guatemala, offered military cooperation to Guatemala."

4 DCG DEPUTIES SWITCH TO INDEPENDENT GROUP

PA191805 Panama City ACAN in Spanish 0021 GMT 19 Feb 86

[By Mario Rolando Sierra]

[Text] Guatemala City, 18 Feb (ACAN-EFE) -- The governing Guatemalan Christian Democracy [DCG] has lost its parliamentary majority because of the desertion of four of its deputies.

Alfonso Cabrera Hidalgo, secretary general of the DCG and president of the National Assembly, said today that his parliamentary group, which had 51 of the 100 seats, "has been left with 47 deputies, leaving us without a majority." Cabrera admitted that deputies German Shell Montes, Ana Maria Gonzalez Saenz, Carlos Gonzalez Quezada, and Luis Eduardo Cancinos, had deserted and gone over to the "independent group."

The new parliamentary makeup forces the governing party to obtain opposition support in order to get bills approved. The National Assembly president stated that party discipline would not be applied to the four legislators "as they do not really belong to the DCG."

Before becoming a DCG deputy candidate, Shell Montes was a high-ranking official of the Union of the National Center (UCN), an opposition party. Representative Gonzalez Quezada was initially a leader of the National Renovation Party, then he joined the UCN but, for alleged ideological differences, he switched to the DCG.

However, according to Cabrera Hidalgo, Gonzalez Quezada pulled out of the DCG "not for ideological reasons, but for reasons of self-interest. He had requested that the government name him manager of the Guatemalan Social Security Institute (IGSS), which it has not done."

"The same thing applies to deputies Ana Maria Gonzalez Saenz and Luis Eduardo Cancinos, who wanted appointments to public office," the president of the legislative congress said.

Cabrera Hidalgo pointed out that even though the desertion of the four deputies affects the parliamentary group numerically, "the ideological-legislative work is not affected, as they are just members of the many groups that supported the candidacy of President Vinicio Cerezo Arevalo."

HONDURAS

PRESIDENT REACTS TO ALLEGED 'CONSPIRACY' PLAN

PA191958 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 19 Feb 86

[Interview with President Jose Simon Azcona Hoyo by unidentified reporter at the Presidential Palace in Tegucigalpa on 18 February -- recorded]

[Excerpts] [Question] How was your meeting with Rafael Leonardo Callejas?

[Azcona Hoyo] It was a friendly meeting. We discussed certain aspects concerning the progress of my administration. He came here to tell me that they continue backing my government. The agreement is not a rigid and inflexible pact as it has been presented, but a common understanding that is still in effect. I asked him for the names of those selected to be governors of the seven departments in which the National Party won so they can be appointed right away. I also asked him for some names for the decentralized agencies. We also talked about the diplomatic corps and the appointment of some ambassadors. So I don't think that there is any problem anywhere.

[Question] Roberto Maradiaga today charged that due to certain issues there is a conspiracy against your government, only a few days after it was installed. What is your opinion?

[Azcona Hoyo] I think that there are people who don't waste any time and quickly begin to take advantage of any situation for their own political gain. We see that they have [words indistinct] regarding the fuel. We will see how we deal with these matters. Any small issue is blown out of proportion by certain media.

[Question] A few minutes ago, lawyer Mario Rivera Lopez repeated that there is a conspiracy against your government. He even mentioned people who were linked to former President Suazo.

[Azcona Hoyo] I don't want to think badly of anyone. I believe that there won't be any truce. Any mistake we make will be blown out of proportion and will be used. Therefore, we will have to be very careful and try not to make even insignificant mistakes, such as in the way the presidential house is run. We have issued orders so that everyone be allowed to enter. We are trying to get jobs for those who worked [for the campaign]. We are trying not to affect the Honduran people with en masse dismissals.

We will create... [changes thought] We already have an emergency plan to see how we can promote jobs. We will try to make more funds available for savings and loans association to build more houses. We will develop certain municipal projects with government backing in order to take care of the many unemployed. We will also try to implement as much as possible the recommendations made by workers and peasants on Friday.

[Question] When you started your campaign you were the target of all actions. You continue to be the target as the constitutional president. Will you be able to dodge the attacks like you did before you started in the government?

[Azcona Hoyo] I will answer for my actions. I will never take an action that will bring shame to me and my family. These matters must be taken the way they should be taken, calmly.

[Question] With the support you have from a sector of the National Party, could this give grounds for you to believe that there can't be this type of plot against you just a few days after your administration began?

[Azcona Hoyo] I will keep dialogue open with all sectors. We have to keep close ties with the Armed Forces. I am the president of the Republic and my duty is to keep close ties with the military sector and we will do so. Regarding what was termed a crisis -- we did not feel it was a crisis -- on occasion of General Lopez' resignation, some media tried to take advantage of the situation and said that we hadn't been firm enough handling this situation. I believe that we handled it quite intelligently and cautiously in accordance with the circumstances. There you have it. The problem was solved, and there is tranquillity among the citizens.

GENERAL LOPEZ RETURNS, DISCUSSES RESIGNATION

PA191402 Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 17 Feb 86

[Text] To the surprise of all Hondurans, Gen Walter Lopez Reyes, former chief of the Honduran Armed Forces, returned at noon on Saturday after a 2-week absence. Upon his return, Gen Lopez dispelled some rumors, some of them disseminated by his own relatives, indicating that he had been forced to leave the country. He hinted, however, that his return is temporary because the government could appoint him to a military attache post in the near future. These are his statements made exclusively to our correspondents Mary Arteaga and David Romero Hernes from his home.

[Begin recording] [Lopez] Thank you very much. You are very kind. I am all yours.

[Romero] General, what time did you arrive?

[Lopez] We landed at the Toncontin Airport from Houston at 1230. Just as I had mentioned before leaving, the purpose of my trip was to have a medical checkup. I also took the opportunity to have my family checked. Thank God, we are all in good shape. The doctor only observed some nervousness and tenseness due to the pressures that we have been undergoing. The prescription was very simple: rest, take things easy, do the usual exercises, and smoke a little less.

[Romero] General, how long have you been active in the Armed Forces without a vacation?

[Lopez] A number of years. As far as I remember, I was in San Pedro in 1975. This was my usual leave, usually to go to work elsewhere. But, regarding a vacation of, say, 15 or 30 days, well, a number of years have passed without one. As far as I can remember, 10 or 15 years have passed without a vacation.

[Romero] General, there has been much speculation regarding your arrival in our country. It has been said that the Armed Forces staff called you back to make some statements as a result of your resignation addressed directly to the Armed Forces Higher Council rather than the National Congress that had elected you as chief of the Armed Forces.

[Lopez] No, not at all. Quite the contrary. It was announced to the president of the Republic by the Higher Council. I happen to have a copy of two permissions in which he himself authorized me. It was reported to the third in command regarding my absence. Although the permission that I requested did not specify the number of days I was to be away, I determined that 15 or 16 days would suffice for me to return and be at the orders of the commanding general and president of the Republic, as well as the Armed Forces' commander in chief. According to law, as the result of the congress appointing a new commander in chief, I now occupy the post of adviser to the commander in chief.

[Romero] General, your resignation has been widely questioned in the National Congress because it should have been presented to the National Congress that elected you, and not to the Armed Forces Higher Council. What is your opinion of the broad and lengthy discussion of more than 10 hours in the National Congress about accepting or rejecting your resignation?

[Lopez] Well, I really was not aware of this. This is the first time that I have heard about this. But, definitely, I had to answer to our highest body, the Armed Forces Higher Council. You will remember that I had also advised the commanders of the various branches, as well as the joint chiefs of staff, in a way of first-hand information, telling them about my decision and why I resigned. They reached the conclusion that I should not resign and that I should speak to the Higher Council. This is precisely what I did. I feel this was not irregular. I also spoke to the president and told him the reasons for my resignation.

Well, I will tell you that my resignation elicited much speculation and conjectures. I regret that a somewhat tense climate was created because of this. I want to stress, however, that no pressures whatsoever occurred. It was my personal decision. The people should also be aware that my decisions made as a man or as an officer are clear, and there is no hesitation at any time. So we make decisions this way because we are used to it.

[Romero] General, we know well that you are still under military authority. You are a man of discipline because of your training in the Armed Forces. You were elected to complete a constitutional term that Gen Alvarez Martinez could not. In other words, you have presented your resignation with practically a year still to go. According to your very same military discipline, you officers must complete this constitutional period. Therefore, the Honduran people have doubts about your resignation.

[Lopez] The people should no longer have doubts because I clarified it before leaving. I thank you for the opportunity to reiterate it now. I repeat, this was a personal decision and, although the time still to go was relatively short, one knows how far one can go some times.

I could say right now that I would be more useful to the Armed Forces of my country and the president as an adviser because I can now work better, always in discipline and under military authority. I will be more valuable to them as an adviser [words indistinct].

[Romero] Political and military analysts claim that the Armed Forces is becoming divided because several military leaders have fallen unexpectedly; that there is a lack of leadership; that this kind of situation can lead to a complicated situation in the future of the Armed Forces. Some people, including political leaders, have proposed that the position of Armed Forces chief be eliminated and that the Army be under the control of the Defense Ministry. What is your view on this?

[Lopez] First, I would say the Armed Forces is not divided. We have always said we have different opinions on various issues that the institution must deal with. However, the institution has matured a great deal in all areas. We know how to address and solve problems. Differences of opinion are normal in almost all the Armed Forces of the world. We will have to really thank God on the day our opinions are united.

Lack of leadership? I have said that, too. There are men with many values and who can set into motion many of the programs the institution has. There are many valuable men. Sometimes there is a need to mature a bit more, shape characters or personalities.

These things come with experience. However, I believe the institution continues to be as strong as it has been until now and that it is a guarantee for the Honduran people.

[Romero] Your statements to the press have always been open and candid. That is why we would like you to answer us as candidly as you always have. International reports indicate that you were stripped of the command of the Armed Forces in response to CIA pressures that responded to your policy toward the Nicaraguan counterrevolutionaries in Honduras.

[Lopez] I deny that outright. First, because I do not admit that the counterrevolutionaries have bases in Honduras. Second, I do not believe that an organization like the CIA can do that or that we have to yield to pressures like those. I want to repeat that all that has happened has been by my own will, without pressure from any side.

[Romero] Did you meet with Division General Alvarez Martinez during the short time you were in the United States?

[Lopez] Absolutely not. I only spent time with the friends I have in Houston and with my family: I made no other contacts.

[Romero] Recalling the Alvarez Martinez case, it was said during that difficult time that he had been appointed adviser and that he would have a force on the border, and that this could have been another of the reasons for your resignation. Could you clarify this also?

[Lopez] I believe the Gen Alvarez affair was widely clarified. I would rather not dwell on that right now.

[Romero] If you return to Honduras, General, do you believe this will establish a precendent so that Gen Alvarez Martinez will also attempt to return to Honduras, despite the legal cases he has pending? [question as heard]

[Lopez] He has that right as a citizen. If I am not mistaken, before I left his brother was processing something like this before the Supreme Court of Justice. I do not know what the court's ruling was regarding his petition. However, Honduras is governed by laws, and a citizen has that recourse. He can exhaust all legal processes and claim his rights.

[Romero] The Honduran people perceive a problem resulting from the election of the new Armed Forces chief. It is said that with your departure the possibility exists that the Armed Forces might assume what is known as a hard-line policy regarding the implementation of the national security doctrine. Do you believe this can happen under the new Armed Forces chief?

[Lopez] I do not believe a situation like that will emerge under the leadership of those who are now heading the Armed Forces Higher Council. The various service and unit commanders are aware that to maintain national security we must above all be united with the people. There are programs and a number of situations that we will have to develop gradually over time with all the Honduran society. I highly doubt that situations like those that took place in the past will return to Honduras. I know the new commander in chief very well. He has many virtues, high human values, and a great deal of experience and ability. I believe he will lead the institution down a good path.

[Romero] What is your opinion on a proposal by the national committee of workers and peasants that has been under discussion with President Azcona Hoyo since yesterday and that was presented by more than 70 organizations? It seeks a transformation of the agricultural sector. You also discussed this when you left the country.

[Lopez] Yes. We knew about this proposal, despite the fact we did not see it in its complete form. I understand that they are asking for something that must take place. The peasants are in a pretty chaotic situation. We must do something for them. However, those words I said once, that one man or one government alone will not be able to help this group of Hondurans make progress, are still valid. The various social groups and organizations must help find alternatives or the most viable ways to help Honduran peasants succeed. We can begin by saying that there is something called the technicalization of agriculture. We cannot take that technical aspect into farming when our peasants still lack education. We must take gradual steps so that little by little all of Honduran society will create a bloc to overcome our backwardness. On that occasion we discussed those plans with the workers and peasants. I believe it is the only case in Honduras right now in which the Catholic Church, the Armed Forces, and the worker-peasant sector are forming a bloc to seek the alternatives to overcome the obstacles in Honduras in a civilized, professional way.

[Romero] If you do not serve as adviser to the Armed Forces, what will you do in the short term. Will you stay in Honduras, General?

[Lopez] Naturally, Honduras is home for me. I can work in various fields. However, I was listening to the president of the Republic on my way from the airport, as I said before, and he and the commander in chief might have plans for me, which I will have to abide by.

[Romero] Would you accept an appointment as military attache?

[Lopez] Naturally, if that is what I must do to represent my country, I will.

[Romero] Do you have a message for the Honduran people and Radio America, General?

[Lopez] I appreciate the welcome afforded my family and myself and the fine treatment we have always received. These moments will be unforgettable for me. This shows me the Honduran people continue to be noble people, that they are always aware of situations, and that they want to hold on to that which they are entitled to as a people.

NICARAGUA

FOREIGN MINISTRY PROTEST ON SOMOTILLO INCIDENT

PA200403 Managua Domestic Service in Spanish 0300 GMT 20 Feb 86

[Text] The Nicaraguan Foreign Ministry today sent a note of protest to U.S. Secretary of State George Shultz regarding the Somotillo incident. Angela Savallos, who is in charge of Foreign Ministry information, reads the message.

[Begin recording] The Information Directorate of the Foreign Ministry announces that today acting Foreign Minister Victor Hugo Tinoco sent a letter of protest to U.S. Secretary of State George Shultz blaming the U.S. Government for the criminal ambushing of a civilian vehicle on (?16) February in the sector known as Rancho Grande, 15 km northeast of Somotillo, Chinandega, in which five civilians were murdered, among them a Swiss citizen. In the note, the Nicaraguan Government points out that this was a terrorist action, and rejects the criminal nature of the mercenary forces created by the U.S. Administration in its brutal war against Nicaragua. These forces, incapable of military achievements, attack civilians and murder defenseless people in an effort to establish terror and fear among the people.

Managua, 19 February 1986

This was part of the message sent to U.S. Secretary of State Shultz. [end recording]

U.S. NAVAL SHIP DEPLOYMENT CALLED 'PROVOCATION'

PA190421 Managua Radio Sandino in Spanish 0000 GMT 19 Feb 86

[Text] In a clear provocation against the Nicaraguan Government, the U.S. battleship Iowa sailed today from Norfolk, Virginia, for waters in the Pacific Ocean, which are very close to the Nicaraguan coast, the Defense Department reported today in Washington. The 58-ton [as heard] ship will join the frigate John C. Hall, which is equipped with missiles and very deadly armament, which also sailed today from [word indistinct], Florida, to conduct a [word indistinct] which the United States says is routine but which political observers in the area regard as an open war of intimidation against Nicaragua. A Pentagon spokesman declined to say how long the two vessels will remain in the area. During their stay in the region the two ships will be visited by high-ranking authorities of Central American governments which are allies of the United States and support its plans to overthrow the revolutionary government.

REAGAN CONTRA AID REQUEST 'IRRESPONSIBLE'

PA191611 Managua Radio Sandino in Spanish 1200 GMT 19 Feb 86

[Text] In one more action of his irresponsible foreign policy, U.S. President Ronald Reagan yesterday asked Congress to approve $100 million in military aid for the counterrevolutionary groups that attack and kill the Nicaraguan people.

This aid, which would be distributed clandestinely and at the discretion of the President, would include $70 million in military aid and $30 million for the alleged humanitarian aid, a term that Reagan has been using to obtain more support for his paladins [paladines].

Along with a vast campaign against the Nicaraguan Government, accusing us of being Communists and pro-Soviet, and stating that we are carrying out an arms buildup and that we represent a grave danger for U.S. interests and security, Reagan asked Congress to lift all the restrictions on military aid to the counterrevolutionaries, who are located in Honduras and Costa Rica. In a meeting he held yesterday with Republican Congress leaders, Reagan said that the nonlethal aid the United States is currently giving the contras has only helped to maintain the pressure of the resistance and that more effective aid is necessary.

As part of the series of lies and slander Reagan uses to justify aid to the contras, he stressed that the contras operate deep inside Nicaragua. He added that his paladins must not only be given the means to die for freedom but also to win for justice and freedom.

The Reagan administration's warmongering policy shows its false support for the Contadora Group and the falsehood of its publicized campaign of support for the Caraballeda document and other alternatives for Central American peace presented by the eight foreign ministers of the Contadora and Support Groups.

Meanwhile, Colombian Foreign Minister Augusto Ramirez Ocampo said that the course taken by the United States regarding Central America is dead wrong, and warned that the approval of that aid would further undermine the peace efforts that his country began along with Mexico, Panama, and Venezuela in 1983.

According to Reagan, only an increase of pressure on the Sandinist government will permit the achievement of the peaceful solution sought by Contadora. Bent on this, he does not hesitate to ignore Latin America's feelings and the apocalyptical dangers entailed by the course he has taken.

The Colombian foreign minister has stated that Reagan's decision is an attack on Contadora. Contadora and its Support Group will strengthen their Latin Americanist positions to face the U.S. terrorist policy against Nicaragua on the eve of the battle to be waged in Congress for the approval of the $100 million which Reagan requested to finance the mercenary bands. In this sense, Colombian Foreign Minister Augusto Ramirez Ocampo warned last night that the resumption of aid to the Nicaraguan contras could frustrate the peace offensive that the eight foreign ministers agreed upon in the meeting they held in the resort of Caraballeda, Venezuela.

COSTA RICANS TO ARRIVE FOR BORDER COMMISSION TALKS

PA191918 Managua Radio Sandino in Spanish 1200 GMT 19 Feb 86

[Text] On Monday, Nicaraguan-Costa Rican negotiations on the border control commission will begin. Costa Rican Deputy Foreign Minister Gerardo Trejos will head the delegation that will negotiate the creation of a permanent commission for supervision and control over the border area with the Nicaraguan Government.

The Costa Rican mission that will travel to Managua on Monday also includes former Security Ministers Mario Charpentier and Rodolfo Quiros Gonzalez, and Deputy Public Security Minister Johnny Campos.

Reports from San Jose indicate that the Costa Rican mission will meet in Managua with Foreign Ministry officials headed by Deputy Foreign Minister Victor Hugo Tinoco.

Costa Rica is proposing a permanent military commission between the Nicaraguan-Costa Rican border. Gerardo Trejos, Costa Rican deputy foreign minister, has proposed to his Nicaraguan counterpart, Victor Hugo Tinoco, the creation of a permanent military commission on the border between the two Central American countries. The Costa Rican diplomat explained that the military mission would be comprised solely members of the Contadora and Support Groups. Trejos practically ruled out the possible participation of the United States in this commission. He stressed to the international news media that Contadora and its Support Groups are sufficient to resolve any border problem between Managua and San Jose. The official disclosed that in the last few hours he spoke with Nicaraguan Deputy Foreign Minister Victor Hugo Tinoco to explain his government's initiative to east tensions on the border between the two countries.

CENTRAL BANK ADOPTS NEW ECONOMIC MEASURES

PA191537 Managua BARRICADA in Spanish 1 Feb 86 p 4

[Text] In order to buttress all the policies on production, service, and living standards promoted by our government for 1986, and as a complementary action to curb and, if possible, to dimish the economic imbalances in our country -- which stem from the poverty and backwardness we inherited from our past, the criminal aggression imposed on us by the U.S. Government, and the impact of the international economy -- and in order to significantly reduce the cordoba's overvaluation, stimulate production and exports, contribute to regulating the price system, improve credit recovery, promote savings, and reduce the surplus of money in circulation to combat inflation, the board of directors of the Central Bank of Nicaragua, with the approval of President Daniel Ortega Saavedra, commander of the revolution, has adopted the following monetary, exchange, and credit measures:

1. Standardize the official exchange rate for all international transactions (exports, imports, new loans, etc.) at 70 cordobas to the dollar. Regarding the debts contracted and disbursed before 8 February 1985, the exchange rate guarantee approved in early 1985 is retained, and therefore, the exchange of rate for those transactions will be 10 cordobas to the dollar.

2. Visible exports:

2.1 Traditional exports: These are defined as those that have been granted guaranteed prices [precios de garantia] for the purpose of registering incoming foreign exchange. The income of these exports will be liquidated at an exchange rate of 70 cordobas to the dollar.

2.2. Nontraditional exports. These are defined as those that have not been defined as traditional exports. Seventy-five percent of the foreign exchange income of these exports will be liquidated at the official exchange rate of 70 cordobas to the dollar and the remaining 25 percent at the exchange rate prevailing on the free market.

3. Invisible exports:

3.1 [The following] are to be liquidated at the official exchange rate:

I. Foreign exchange income from invisible exports directly linked to the import and export processes, such as: freight; insurance related to merchandise; storage and warehouse; loading and unloading; crating and recrating; labeling and bottling; transportation; cartage, haulage, and forwarding; handling and moving.

II. Foreign exchange income from services rendered by Nicaraguan embassies, consulates, interest offices, and trade offices abroad.

III. Obligatory exchange by foreigners at points of entry into the country.

IV. Commissions earned by the national financial system for services rendered in international transactions.

V. Foreign exchange income from communications services rendered by the Nicaraguan Telecommunications and Postal Services (Telcor).

3.2 The invisible exports listed below will be liquidated as follows: 50 percent at the official exchange rate and the remaining 50 percent at the exchange rate prevailing on the free market.

I. Premiums received by insurance companies for insurance policies and direct surety bonds [afianzamientos] not related to merchandise.

II. Indemnity or compensation received from foreign insurance companies for losses covered by insurance policies or surety bonds not related to merchandise.

III. Indemnity or compensation received from foreign companies for losses covered by reinsured policies or surety bonds not connected with merchandise.

IV. Other foreign exchange income received by insurance companies for services inherent to their line of activity.

V. Reimbursement of local expenses incurred by branches or agents of foreign companies.

VI. Income from port services not related to merchandise, such as: supply of fuel, foodstuffs, stores, and other items; port and airport charges and fees; launches, stevedores, maintenance, repair, towing, pilotage, haulage, and other services not included in freight payments.

VII. Foreign exchange sold by the airlines to cover local expenditures in cordobas.

VIII. Communications services such as: foreign exchange revenues received from taxes on radio, telegraph, mail, and similar communications services, including the foreign exchange obtained from the liquidation of the enterprises mentioned.

IX. Foreign exchange sold by hotels and hostels to cover local expenditures in cordobas.

X. Foreign exchange income from the commission fees of travel and shipping agents.

XI. Foreign exchange income from the commission fees of the representatives and distributors of foreign companies.

XII. Foreign exchange income from resident companies in the country for subscribing to newspapers, magazine, and similar publications.

XIII. Foreign exchange income from leasing land, air, and water transportation vehicles.

XIV. Foreign exchange income from news services provided for resident companies.

XV. Foreign exchange sold by embassies, consulates, international missions or by the offices of international institutions accredited in Nicaragua to pay local expenditures in cordobas.

XVI. Foreign exchange income from resident companies' net revenues from tourist excursions, after deducting direct expenditures they may have in foreign currency.

XVII. Foreign exchange income from resident companies for leasing movies.

3.3. The invisible exports that have not been mentioned in previous items may be negotiated on the free authorized market (exchange houses).

4. Foreign exchange from grants-in-aid will be liquidated as follows:

4.1 Cash grants: Fifty percent will be liquidated at the official exchange rate, and the remaining 50 percent will be liquidated at the free market exchange rate, or will be made available to the disposition of the grantors in the way and for the uses, ends, or goals detailed in Article 13 [number as published] of these regulations.

4.2 Grants in goods: For registration, purposes, these will be liquidated at the official exchange rate.

5. Foreign currency for nontraditional visible exports, the invisible exports mentioned in item 3.2 of this communique, and cash grants will be liquidated by the Central Bank at the free and official exchange rates in effect on the date of the transactions in the proportions stipulated for each one of these. In these cases, the Central Bank will act as the obligated and disinterested intermediary in the sale of the corresponding foreign exchange share to an authorized exchange house.

In specific cases that are convenient for the promotion of exports and to increase the flow of liquid foreign exchange into the country, the Central Bank administration will be able to place at the disposition of exporters or grantors the share of the foreign exchange that will be liquidated at the rate of exchange of the free market in the way and for the uses, ends, or goals that are indicated in the regulations.

6. Visible imports: All, except oil will be liquidated at the official exchange rate of 70 cordobas per dollar. Oil will be liquidated at 28 cordobas per dollar.

7. The following interest rates are established:

7.1 Deposits in local currency

Commercial Banks: interest rates payable to the public

Kind of deposit	Not under raffle and prize system	Raffle and prize system
1. Savings deposits	16	14
2. Time deposits		
Deposits at 3-month maturity	21	19
Deposit at 6-month maturity	24	22
Deposits up to 1-year maturity	30	28
Deposits at more than 1-year and less than 2-year maturity	40	38
Deposits at 2-year or under 3-year maturity	42	40
Deposits at 3-year or under 4-year maturity	44	42
Deposits at 4-year or under 5-year maturity	45	43
Deposits at more than 5-year maturity	47	45

Certificates for time deposits issued by the banks before 1 February 1986 that will mature between 1 February and 30 June 1986 will receive the established interest rate. Those deposits whose maturities are after 30 June 1986, at the request of the depositor, will be able to collect the interest rates that appear on this chart, according to the period existing between 1 July 1986 and the date of maturity initially established. Full months must be used for these cases.

The granting of loans to holders of deposits with greater than 1-year maturity will be allowed up to 80 percent of their value, collecting the interest rate and terms authorized for personal loans.

7.2 Deposits in Foreign Currency

Commercial banks: Exchange rates payable to the public

Kind of deposit	Interest rates
1. Savings deposits	6.0
2. Time deposits at 3-month maturity	7.0
at 6-month maturity	7.5
at 9-month maturity	8.0
at 12 or more months	8.5

Time deposits in foreign currency must be redeemed first in national currency and at the prevailing rate of exchange on the free foreign exchange market authorized by the Central Bank.

Commercial Banks: Interest Rates Payable to the Public

Activity	Interest Rates	
	short-term	long-term
I. Commercial activity	45.0	-
II. Agricultural	30.0	25.0
III. Cattle raising activity	30.0	-
Fattening up of animals	30.1	-
Development and fattening	-	25.0
Others (Footnote 1)		20.0
IV. Industry (Footnote 2)	36.0	30.0
V. Housing		
Urban	-	16.0
Rural	-	14.0
VI. Small businesses	20.0	18.0
VII. Rural credit	20.0	18.0
VIII. Foreign trade enterprises		
Exports	20.0	-
Imports of intermediate goods (Footnote 3)	20.0	-
IX. Domestic trade enterprises	18.0	-
X. Programs to assign credit lines (Footnote 4)		
XI. Personal loans	45.0	-

[Footnotes for section 7.3]

(Footnote 1) (milk, cattle and poultry reproduction, infrastructure, and machinery)

(Footnote 2) (includes agro-industry)

(Footnote 3) (intermediate goods for agriculture and livestock)

(Footnote 4) (according to the term and activity of the patron)

8. The following credit policy is established:

8.1 Agricultural and livestock activities

-- Small scale producers (rural credit)

100 percent of the financable production costs.

-- Medium and large-scale producers

80 percent of the production costs financable in cash. Up to 100 percent will be financiable, collecting a higher interest rate that will enter into force as of this date.

100 percent in bank guarantees for raw materials (agrochemicals).

8.2 industrial activity

Complementary bank financing for labor capital needs according to the concern's payment ability.

8.3 Commercial Activity

-- Bank credits to formal commercial activities is expanded.

Financing will be complementary to the labor capital needs according to the concern's payment ability.

8.4 Other Provisions

The fattening up of young cattle, taking up to 24 months for maturity, will also work on the basis of 30 percent interest per annum.

WASHINGTON-BASED GROUP ISSUES HUMAN RIGHTS REPORT

PA192200 Managua Radio Sandino in Spanish 1930 GMT 19 Feb 86

[Text] A new important document outlining violations of the laws of war by both sides in Nicaragua during 1985 was revealed today in Washington's capitol during a press conference.

The report was commissioned by the Washington Office of Latin America, WOLA, an office in Washington for Latin America, a nongovernmental human rights organization financed by a number of churches and foundations. It was headed by Mary (Ducher), former Missouri assistant attorney general.

The WOLA report presents evidence on 139 recent violations of the laws of war, as specified in the Geneva Agreements of 1949. They cover the period between February and December 1985 and are mainly based on affidavits of 197 witnesses, in many cases, multiple witnesses of the same incident.

The WOLA report includes violations committed by counterrevolutionary forces and by the Armed Forces of the Nicaraguan Government. However, it points out that most of them, during the period specified, were carried out by counterrevolutionary forces, especially the FDN, or Nicaraguan Democratic Forces.

The WOLA report concludes that the preponderant fact about this evidence is that it indicates the continuation of a systematic activity involving serious violations by contra forces. The presence of counterrevolutionary forces in a locality seems to bring with them a number of indiscriminate attacks on civilian targets, kidnappings, rapes, murders, mutilations, and other forms of violence.

In contrast, violations committed by members of the Nicaraguan Armed Forces appear to be relatively isolated cases of abuse of authority and violation of military discipline.

There is no evidence that such violations were tolerated by higher-ranking officers, the report concluded. In fact, it indicates that in several cases, members of the Nicaraguan Armed Forces were punished with lengthy jail sentences.

Although the report does not aim to be an in-depth statistical study, it shows that of 139 incidents of abuses and violations of the laws of war, 118 were committed by counterrevolutionary forces and 21 by members of the Nicaraguan Armed Forces. The contras committed 399 kidnappings, 116 murders, 2 murder attempts, 19 rapes, 24 mutilations, and 32 indiscriminate attacks, as well as several robberies and violations of the rights of the wounded and sick. The Sandinists are accused of 20 murders, 1 mutilation, 3 indiscriminate attacks, and 2 threatening incidents.

Abuse cases were investigated in the archives of the Permanent Commission for Human Rights, an organization that is critical of the Sandinists, and the Permanent Christian Action for Peace [Accion Permanente Cristiana por la Paz], an organization of U.S. religious workers residing in Nicaragua.

However, most cases cited in the report were discovered independently by members of the investigation group who live in communities of war zones in Nicaragua.

Mrs (Ducher) trained and supervised a team of 26 investigators who worked on the report for 2 and 1/2 months. The team received training on regulations pertaining to legal evidence used by international human rights organizations.

The team was mainly made up of U.S. citizens who are members of the permanent team in Nicaragua and of Permanent Christian Action for Peace, such as Mrs (Ducher). Among them is a Methodist pastor from North Carolina, a Presbyterian pastor from Alburquerque, New Mexico, an administrative analyst from Alaska, and a professor of social ethics from a Catholic university in Iowa.

Team members discovered more violations by Nicaraguan Government forces in addition to those found in the archives of the Permanent Human Rights Commission, which is critical of the Sandinist government.

The investigation was fully carried out without involvement of members or agencies of the Nicaraguan Government. Funds for the report and the cost for maintenance and mobilization of the equipment were fully provided by WOLA and the Permanent Christian Action for Peace.

Team members were instructed to investigate violations of the laws of war independently of who committed them, Mary (Ducher) said. We are prejudiced against brutal attacks on innocent people regardless of who carries them out. As Christians, we would confront anyone responsible for such abuses.

However, as an attorney and investigator, I must report that the counterrevolution is committing a great majority of the most violent atrocities in Nicaragua.

Mrs (Ducher) finally said: We invite and encourage anyone to review our report by visiting our witnesses and examining their testimony.

AUTHORITIES FREE 5 PRISONERS; PSC DEMANDS MORE

PA190011 Hamburg DPA in Spanish 2344 GMT 17 Feb 86

[Text] Managua, 17 Feb (DPA) -- A bulletin released by the Nicaraguan Social Christian Party (PSC) today reported that five political and labor leaders of various organizations opposed to the Nicaraguan Government were freed a few days ago, but, the PSC continues demanding the release of more than 10 other activists.

The ones who have been released are: Larry Schoures, Estanislao Ortega, and Jose Altamirano, who are leaders of the Nicaraguan Workers Federation; journalist Luis Mora Sanchez of the Social Democratic Party; and Tomasa Hernandez de Urbina, a PSC activist.

According to government intelligence authorities, several of the released prisoners were implicated in counterrevolutionary activities, including the terrorist plan called "Alacran," that sought to destroy economic objectives in Managua by using explosive devices.

The authorities did not file charges against several of the released citizens. Journalist Mora Sanchez spent almost 6 months in jail after he was arrested during a public demonstration by religious sectors at Sandino International Airport, in June of last year, upon Msgr Miguel Obando y Bravo's return to Managua following his appointment as a cardinal by the Vatican.

The prisoners whose release the PSC is still demanding are, among others: Julio Ramon Garcia, Humberto Urbina, Miguel Cisneros, Cesar Flores, Eduardo Paredes, Julio Suarez, Nelson Tabora, Salomon Telleria, and Moises Gutierrez. According to government organizations, some of them were given various sentences by the authorities for disrupting public order and security.

GRANMA CONDEMNS REAGAN VISIT TO GRENADA

PA200251 Havana International Service in Spanish 0000 GMT 20 Feb 86

[Text] The visit that President Ronald Reagan will make this Thursday to Grenada has been called the newest insult to Latin America's dignity by the Cuban newspaper GRANMA. In a long article covering a large portion of its international section, GRANMA says that the bloodstained boots of the Yankee President will step on Grenadian territory as if what happened 2 years and 4 months ago in that small Caribbean island had already been forgotten.

GRANMA reports that the White House announced that the purpose of Reagan's visit is to dedicate a monument to the U.S. soldiers killed in the 1983 invasion. However, GRANMA adds, that is not exactly the reason.

GRANMA says that the gunslinging President will arrive in Grenada with the texts of the Monroe Doctrine and the Santa Fe Document under his arm, to confirm that his government has not ended the big stick and gunboat era. Another reason for Reagan's visit, GRANMA says, is to support the puppet regime headed by Herbert Blaize and to promise the moon and stars to Grenada and to the rest of the countries of the eastern Caribbean sector, which have not received the least benefit from the so-called Caribbean Basin Initiative orchestrated by Washington.

GRANMA also says that even if the U.S. propaganda says the opposite, Grenada is in ruins under U.S. tutelage. Between 40 and 50 percent of the working population are without jobs, in sharp contrast with the 14-percent unemployment rate which the Maurice Bishop government achieved between 1979 and 1983.

The (?Richmond Smith) Hospital in St George's, destroyed by U.S. machineguns, has not been rebuilt, and the doctors who come to the island are demanding a monthly salary of $5,000 to $6,000; a definite difference from the Cuban doctors who gave free medical attention to the Grenadians, including those who lived in rural areas.

GRANMA also mentions that Point Salinas Airport, built mostly by Cuba prior to the Yankee invasion, has been turned into a military base by the White House, and the construction equipment owned by our country has been confiscated by the local authorities in an obvious act of subservience to Washington.

GRANMA states that Reagan's visit to Grenada also seeks to strengthen U.S. military presence in the eastern Caribbean and mentions the millions spent by Washington in training special forces to impose its will in the region.

Finally, GRANMA says that the new imperialist insult to our America cannot be ignored while Reagan visits the island of Grenada, which was invaded by his troops. It makes no difference if he now wears velvet gloves; Latin America and the Caribbean rejected the Yankee invasion in 1983, and with similar intensity they will reject the presence of the imperialist leader in the suffering and chained land of Maurice Bishop.

CBI Failure Alleged

PA200222 Havana International Service in Spanish 2310 GMT 19 Feb 86

["Note" written by Amalia Sanmartino and read by Maruja Garcia]

[Text] Two years and 4 months after the U.S. military invasion of Grenada, President Ronald Reagan will pay a short visit to this Caribbean island.

We can suppose that the 4 short hours that Reagan will stay in Grenada will not be sufficient to allay the lamentations of the Caribbean leaders, deeply frustrated by the failure of the so-called Caribbean Basin Initiative [CBI]. One of the traps of the propagandized plan included a tax-exempt system that filled the would-be beneficiaries with happiness and hope. Soon, however, the U.S. Congress wiped off their smiles by excluding textile products, canned tuna, coffee, cotton, hides, and footwear from these tax benefits. These products and sugar constitute the Caribbean peoples' basic exports.

The closed circle within which the CBI began to disappear started with the cut of about 1,500,000 tons in the U.S. sugar quota of 10 Caribbean countries in 1985. This brought about losses greater than the meager benefits produced by the U.S. program. Last year exports of all the Caribbean nations were reduced by about $3 billion compared to 1984, when the U.S. measure was initiated. If all this is added to the purchases of U.S. products at higher and higher prices, the granting of loans at high interest rates, and the Caribbean countries' foreign debt, the scarce anticipation elicited by the visit of the U.S. President is understandable. The demands by 11 English-speaking Caribbean leaders, who have presented to Reagan the need for better distribution of this aid, will surely be presented again during his visit.

NATIONAL ECCLESIASTIC MEETING CONTINUES IN HAVANA

Archbishop on Government Relations

PA191907 Havana International Service in Spanish 1721 GMT 17 Feb 86

[From the "On the Inside" program: Statement by Havana Archbishop Msgr Jaime Ortega Alamino; date and place not given -- recorded]

[Text] After the initial problems that emerged in the 2d year after the triumph of the revolution -- which even led to confrontation -- came a phase that covered the decade of the sixties, during which the church attempted to preserve its communities and the right to worship and maintain church life with respect to religious aspects per se. However, toward the mid-seventies, the presence of Catholics in centers of learning, work places, and in the country's life caused some problems, perhaps with regard to the Christian identity of those students and workers in the midst of Cuba's sociopolitical system. These problems were broached with the authorities, and they gradually began to be resolved in a positive way to the extent that lay Christians acquired a greater share of participation in the country's social life.

After this decade, during the eighties, the prospects became greater. Contacts between the bishops and the Cuban authorities increased. This has been especially so during the past 2 years and mostly last year, when the Cuban bishops' conference met with President Fidel Castro. We have had more informal contacts. One was on the occasion of the visit by a group of American bishops. Later two formal contacts -- working sessions -- took place. These should continue in the near future. During these sessions the problems and possibilities for the church's mission were discussed, taking the church as a whole.

I believe the creation of the religious affairs office of the party's Central Committee is a very positive sign, as are the participation of the Cuban bishops in the continental meeting on foreign debt and of priests, a nun, and lay youths in a hemispheric youth meeting on that same subject. This has allowed the church -- which is a legitimate Cuban institution -- to begin to make itself felt as a normal part of the country's life.

The publication of the book "Fidel and Religion" and the chats with Che on this have also helped make this dialogue something more than a hierarchy-government dialogue, making it a broader dialogue in which the people, who have shown so much interest in this book, especially participate.

I do not believe the national ecclesiastical meeting is a final step, although it is climactic. It will be a starting point in the life of our church. The topics have been discussed freely, with an open mind and a spirit of self-criticism, but not with any feelings of guilt regarding our mistakes or of aggressiveness regarding other people's mistakes. The focus is on the future, the immediate future, which is viewed with optimism and confidence.

De Cespedes Denies 'Manipulation'

FL192002 Havana Radio Rebelde Network in Spanish 1800 GMT 19 Feb 86

[Text] Today the Cuban national ecclesiastical meeting is in its 3d day of sessions, and its spokesman Msgr Carlos Manuel de Cespedes has categorically denied to the press tendentious reports speculating about official manipulation of the event.

Document Supports Dialogue

FL200101 Havana Radio Rebelde Network in Spanish 0000 GMT 20 Feb 86

[Text] The national Cuban ecclesiastical meeting has paid homage to the priest (Felix Varela), illustrious figure of Cuban thought from the 19th century, during a ceremony at Havana University. Upon the conclusion of the 3d working day, the Cuban ecclesiastical participants approved a theological document which, among other topics, supports the need for dialogue.

Among the modifications or contributions approved today and presented to the commission working on the draft of the final document is a point that briefly explains liberation theology from the doctrinal point of view of the Cuban Catholic Church.

FURTHER REPORTAGE ON THIRD PCC CONGRESS SESSIONS

Poland's Wozniak Address

AU111944 Warsaw TRYBUNA LUDU in Polish 7 Feb 86 p 7

[Text] PAP/Havana -- Speaking at the Third PCC Congress, Marian Wozniak, Polish United Workers Party [PZPR] Politburo member and Central Committee secretary, said that the relations between the PZPR and the fraternal PCC and between the allied Polish and Cuban peoples are marked by mutual respect, understanding, and efforts to comprehensively develop cooperation in all areas, as clearly attested to by the results of the recent talks between Wojciech Jaruzelski and Fidel Castro in Havana.

Like Cuba, our party and our socialist country, M. Wozniak stressed, are being subjected to an exceptionally ferocious imperialist offensive on all fronts. We continue to repulse and will resolutely repulse imperialist attacks and resist attempts to interfere in our internal affairs. We address expressions of solidarity to Nicaragua and all the peoples of Central and Latin America who continue to fight for social justice, dignity, and the right to determine their own fates. We are certain that their struggle will be as victorious as was the case with the Cuban people's struggle. We express our solidarity with the struggle of the developing countries for an equitable economic order and for liberation from usurious indebtedness. Cuba is playing a special role in this struggle.

In conclusion, M. Wozniak stressed that, led by their party, the Cuban people have erected reliable foundations of socialist society, have acquired complete state sovereignty, and have won genuine prestige among world nations. Your successes are all the more valuable since they have been scored in the struggle against imperialist aggression and under conditions of blockade in the past 25 years. At the same time, Cuba and its Communist Party continue to set magnificent examples of internationalist solidarity and internationalist attitudes.

Laos' Nouhak Phoumsavan Speech

BK181655 Vientiane Domestic Service in Lao 0500 GMT 12 Feb 86

[Speech by Nouhak Phoumsavan, Political Bureau member and secretary of the party Central Committee and head of the Lao People's Revolutionary Party [LPRP] delegation, delivered at the Third PCC Congress; date not given -- read by announcer]

[Text] Respected Comrade Fidel Castro Ruz; Respected Presidium; Respected comrade delegates and distinguished guests:

We, the LPRP delegation, have the great honor and are extremely elated to attend the third congress of the majestic and honorable Communist Party of Cuba. On this occasion, we would like to convey the profound, comradely affection and solidarity and best wishes of Comrade Kaysone Phomvihan, general secretary of the LPRP Central Committee; of the LPRP Central Committee; of the Lao communists; and of the entire Lao people to your congress and, through it, to the heroic Cuban Communists and people -- the close comrades-in-arms of our Lao people.

We are very proud to see that in recent years, under the clearsighted and wise leadership of the PCC led by beloved Comrade Fidel Castro, the Cuban people, inbued with a sense of revolutionary enthusiasm and hard work, have resolutely overcome numerous difficulties and obstacles to securely defend the first free land in the Western Hemisphere, thereby firmly taking their country along the socialist path.

Implementing the resolutions adopted at the Second PCC Congress and the social and economic development plan between 1981 and 1985, Cuba's agriculture and industry have scored a new step in development and modernization. Its culture, education, and public health have also made clear-cut progress. The spiritual and material life of the Cuban people has been incessantly elevated.

In parallel with building and defending the socialist country, the Cuban people consistently further enhance the spirit of esteemed proletarian internationalism by actively rendering support and assistance to the revolutionary and progressive forces in the world. The achievements scored by the Cuban people have contributed significantly to increasing the strength of the socialist community with the Soviet Union as the prop. They have become a clear model and great encouragement for the people in Latin America and throughout the world struggling for peace, national independence, democracy, and social progress, thus making great contributions to strengthening the solidarity of the Nonaligned Movement countries against the imperialists. The role and influence of Cuba have been gradually rising in the international arena.

The victories scored by the Cuban revolution are extremely significant because Cuba is a small country located near the United States. In addition, it has to fight against the threat, provocation, and slanderous campaign launched by the North American imperialists day and night. This phenomenon clearly affirms that in the present era even though a country is small and has less people, if it has been led by a leading party of workers, -- a party that knows how to apply Marxism-Leninism to the situation in its country in a creative manner, pursues a correct strategic line and policy, is capable of consolidating the strength of the entire people around the party, knows how to enhance the strength of the entire nation plus the consolidated strength of the epoch with the socialist system as the mainstay and the Soviet Union as a prop -- it will be able to defeat completely the imperialist aggressors and take the country firmly toward socialism as heroic Cuba has done.

The Lao people have great pride in the successes and victories scored by the fraternal Cuban people and regard them as our own. The Lao and Cuban people have maintained relations of friendship and solidarity for a long time. In our struggle against the imperialist aggressors for national liberation in the past as well as in our national defense and socialist construction at present, the Lao people have always received effective support and assistance from the Cuban party and people. On this majestic podium, we would like to extend our profound gratitude to the fraternal Cuban people. In particular, we would like to express our sincere gratitude to Comrade Fidel Castro. On this occasion, let me extend our greetings and intimate affection to the families of the Cuban experts who are actively assisting in the social and economic development work in our country.

Beloved comrades, in the past 10 years since the establishment of the LPDR, the Lao people, under the leadership of the LPRP headed by Comrade Kaysone Phomvihan have fought resolutely and victoriously against the designs and destructive and sabotage acts of the imperialists and the international reactionaries who are bent on overthrowing our new regime and committing aggression against our country. At the same time, we, the Lao people, have also concentrated all efforts on building our country along the socialist path and have scored great and firm victories in various fields. We have coordinated with the SRV and the PRK in carrying out the struggle aimed at turning Southeast Asia into a region of peace, stability, friendship, and cooperation.

The victories of the Lao revolution are closely linked to the militant solidarity, special relations, and all-round cooperation among the parties and peoples of Laos, Vietnam, and Cambodia and can never be separated from the support, assistance, and all-round cooperation of the Soviet Union, Cuba, and the other fraternal socialist countries as well as the support from the friendly countries and progressive people in the world.

Beloved comrades, the current world situation is very tense due to the warmongering policy and the arms race, conducted both on the ground and in the air by the imperialists, with the North American imperialists as the chieftain, which may lead mankind toward a nuclear holocaust. We fully support the peace initiatives advanced by the Soviet Union, Cuba, and the fraternal socialist countries, especially an overall proposal to completely do away with nuclear weapons before the year 2000 advanced by Comrade Mikhail Gorbachev, general secretary of the CPSU Central Committee, on 15 January 1986. We support the correct stand and high sense of responsibility of the Soviet Union toward the destiny of mankind expressed at the Soviet-U.S. summit in Geneva and demand that the United States fulfill its pledges through actual deeds.

We demand that the United States cease its hostile acts against Cuba. We are opposed to the interference and threats of the North American imperialists against Nicaragua and the other Latin American countries. We solemnly condemn the U.S. encirclement and threats against Libya and other U.S. acts creating tension in the Middle East and in other parts of the world.

Firmly adhering to our consistent foreign policy, we will strive together with all peace and progressive forces in the world to resolutely fight to safeguard peace and international security. Even though Laos and Cuba are far apart from each other -- daytime in Cuba is nightime in Laos -- the distance is not an obstacle to the profound affection and close solidarity between the two parties and peoples of our countries. For our Lao people, the word Cuba is always an expression of heroism, pure friendship, and esteemed proletarian internationalism. Our two countries share common revolutionary ideals and have overcome together all tests of fierce and uncompromising struggle against the imperialist aggressors. And at present, we are striving together to safeguard the revolutionary fruits and the outposts of socialism in the different parts of the world for peace and international friendship.

I wish the Third PCC Congress glorious success.

May the heroic Cuban people score great achievements in fulfilling the tasks of building socialism and defending their own country.

Long live the majestic and honorable Communist Party of Cuba!

Long live invincible Marxism-Leninism!

Long live Lao-Cuban friendship!

Long live world peace!

Turkish CP Head Sends Message

TA150850 (Clandestine) Voice of the Turkish Communist Party in Turkish 1700 GMT 14 Feb 86

[Message by Turkish Communist Party, [TCP] Central Committee Secretary General Haydar Kutlu to Fidel Castro, first secretary of the PCC; date not given]

[Text] To Comrade Fidel Castro, the first secretary of the Communist Party of Cuba:

Dear Comrade Fidel Castro, I extend my sincere congratulations on behalf of the TCP Central Committee and on my behalf on your reelection as the first secretary of the PCC Central Committee by the party's third congress. I wish the Cuban Communists and people great success in their struggle -- under the leadership of the PCC -- to implement the decisions of the ocngress.

With our communist greetings, [Signed] TCP Central Committee Secretary General Haydar Kutlu

Uruguay's Arismendi Departs

FL191232 Havana Radio Progreso Network in Spanish 1200 GMT 19 Feb 86

[Text] Army General Raul Castro, second secretary of the party, has taken leave of Rodney Arismendi, secretary general of the Communist Party of Uruguay, at Jose Marti International Airport. Arismendi attended the Third PCC Congress in Havana and then completed a working visit.

BRAZILIAN MINISTER CITED ON DIPLOMATIC RELATIONS

FL192214 Havana Radio Rebelde Network in Spanish 1800 GMT 19 Feb 86

[Text] There is great expectation in Brazil about the resumption of diplomatic relations with Cuba scheduled for this year. From Rio de Janeiro, Marta Valverde gives us more details.

[Begin recording] Brazil will resume diplomatic relations with Cuba this year, new Foreign Minister Abreu Sodre has asserted after meeting with President Jose Sarney in Brasilia. Thus, the positive expectations of various sectors have intensified. Sodre did not mention dates, alleging diplomatic changes cannot be made suddenly. As reported at the government seat, Itamaraty, the resumption of relations is being intensively debated. The Brazilian minister also said he has no plans for going to Cuba but that he will if it is necessary to discuss the resumption of relations.

PDRY ENVOY MEETS WITH ISIDORO MALMIERCA

GF131426 Aden Domestic Service in Arabic 1230 GMT 13 Feb 86

[Text] Comrade Isidoro Malmierca, member of the Central Committee of the Communist Party of Cuba [PCC] and Cuban minister of foreign relations, has affirmed Cuba's principled and firm stance and solidarity with the Yemeni Socialist Party [YSP] and the Yemeni revolution and people. He also affirmed his country's rejection tc any foreign interference in the domestic affairs of the PDRY regardless of any justification.

During his meeting with PDRY Ambassador to Cuba Brother 'Umar Husayn al-Hurubi in Havana on Tuesday, the minister expressed the PCC's and Cuba's readiness to give all kinds of aid and assistance to the PDRY.

During the meeting, the brother ambassador gave a detailed explanation of the bloody events which our country witnessed as a result of the futile coupist conspiracy carried out by conspirator 'Ali Nasir Muhammad and his terrorist clique, which was designed to liquidate the revolution's historic leadership and the innocent sons of our Yemeni people. The ambassador also described the measures adopted by our party's collective leadership to restore life to normal. The ambassador expressed our appreciation for the comradely and solidarity stances of the Cuban revolution and people and the PCC toward the YSP, our revolution, and Yemeni people, and for Cuba's international aid to our country.

HAITI'S RENE THEODORE ON 'U.S. MANEUVERING'

PA181500 Havana International Service in Spanish 0000 GMT 16 Feb 86

[Report by Maximo Heredia]

[Text] Dear listeners, this is a direct broadcast from the headquarters of the Cuban Institute of Friendship With the Peoples, ICAP, to report on the news conference held Saturday, here in Havana, by Rene Theodore, secretary general of the United Party of Haitian Communists [PUCH].

The Haitian leader said during the news conference that the people of his country are determined to continue their struggle until they achieve radical changes which allow social progress to be made in Haiti. Theodore added before a large number of Cuban newsmen that the Haitian popular movement has not only succeeded in ousting tyrant Duvalier, but continues mobilizing in order to prevent Duvalierism from being preserved in the country.

Responding to a question on current developments in Haiti, the PUCH secretary general said:

[Begin recording] Look, something very important is ocurring [words indistinct]. After overthrowing the Duvalier government, the Haitian popular movement is pursuing a very clear objective -- cleansing the country of all remnants of Duvalierism and gearing the movement toward effective economic and social changes in our country. However, it is also faced with the maneuvers of the junta and the North Americans, who are responsible for the creation of this government, of this Duvalierist power without Duvalier.

In view of the clearness with which the Haitian popular movement has outlined its objectives, the North Amreicans are very angry because they are totally identified in our country with Duvalierism and with the crimes and the poverty that have resulted from (?coloniast pacts) with the North Americans for 29 years. They feel very angry because (?they are losing ground).

That is why they are also maneuvering and inventing everything possible today to divert the attention of international public opinion and also to disorient the Haitian popular movement. [end recording]

After denouncing the North American campaigns to misinform the Haitian popular movement and world public opinion, Theodore said that Washington is concerned over the booming popular demonstrations against the junta and explained the following:

[Begin recording] (?They) invent reports, such as the one about the landing of Cubans on Haiti's coasts, which is a lie. They also invent other things, like the provisional government in exile in order to create expectations, [word indistinct] of candidates to the presidency to also [word indistinct] Haitian (?politics) at the most traditional level that may exist because the people have [words indistinct]. It is said that the popular movement has [words indistinct] (?by far) the [words indistinct] Haiti had had until today. [end recording]

COMMENTARY CRITICIZES U.S. ROLE IN HAITI'S AFFAIRS

PA190443 Havana International Service in Spanish 0000 GMT 15 Feb 86

["Our America" commentary]

[Text] When White House spokesman Larry Speakes, President Ronald Reagan's publicity agent, jumped the gun and on 6 February announced that Jean-Claude Duvalier had been overthrown, he was simply anticipating the epilogue to the macabre history written by former dictator Baby Doc.

Francois and Jean-Claude Duvalier were maintained in power for approximately 30 years, thanks to the generosity of the presidents of the United States. Only now, to prevent more violence from the Haitian people, Reagan decided that the time had come to find a replacement to the once trusted dictator.

The wrath of the extremely poor Haitian people is the reason why Jean-Claude could not stay in power any longer, and this forced the U.S. Government to arrange a no-return trip to the chief of the regime and his large retinue.

In this way, the United States prevented the long-suffering people of this Caribbean country from settling accounts with the dictator, who would have had a lot to say about the thousands of crimes committed during his regime. Therefore, the insistence of the propaganda agencies at the service of the United States to the effect that Washington is propitiating a democratic change in Haiti seems a contradiction after U.S. support for 30 years of the blood-thirsty dynasty.

The strategic position of this tiny country, being so near to Cuba and to the mini-states of the region and within the realm of what the United States considers its back-yard, are some of the fundamental reasons behind the U.S. intervention in the process aimed at preventing an uncontrollable explosion on the part of the Haitian people, opposite to the interest of the main capitalist power.

The White House does not seem surprised by the rapid installation in Port-au-Prince of the civil-military junta, formed mostly by units linked to the former tyrant and engaged in a campaign to make their fellow citizens believe that they can expect many good things from the so-called National Government Council. The establishment of a curfew and the constant harassment of the demonstrators are two reasons why the Haitian opposition sectors do not believe that the government's top ranks have changed much.

It is going to be very hard for the starved masses, which went to the streets unarmed, defying the bullets of the Tontons Macoutes with their bare chests, to accept a Duvalierism without Duvalier, under the pretense of a democratization plan publicly approved by the United States. Under the present circumstance, the 25-point document submitted by the leaders of the demonstrations carried out in the city of Gonaive is of great importance. If General Henri Namphy, head of the Government Council, really wants to meet the people's demands, he has in the 25-point document a significant starting point.

The arrest of those guilty of repression; the dissolution of the repressive bodies and institutions; the lifting of the state of siege; the arrest of those guilty of crimes; the expulsion of the Duvalierist units from the Government Council and the inclusion in it of members of the opposition; and the implementation of economic benefits are some of the demands made by the leaders of the Gonaive rebellion, demands that are worth-while considering if the new Haitian rulers wish to democratize the long-suffering Caribbean country.

CBI TO DOMINATE DISCUSSIONS DURING SUMMIT

FL191731 Bridgetown CANA in English 1626 GMT 19 Feb 86

[By George Worme]

[Text] St Georges, Grenada, Feb 19, CANA -- Leaders of seven Caribbean countries are meeting here today to coordinate positions for a meeting tomorrow with United States President Ronald Reagan in Grenada.

Grenada Government sources said due for today's meeting were the prime ministers of Grenada, St Vincent and the Grenadines, St Lucia, Barbados, St Kitts & Nevis, and Dominica. The Governments of Trinidad and Tobago and Antigua & Barbuda, whose prime ministers are also to meet Reagan, will be represented by senior government ministers. The sources said Puerto Rican Governor Rafael Hernandez Colon wanted to participate in tomorrow's summit, but Grenada's Prime Minister Herbert Blaize had rejected the request. The grounds were that Puerto Rico has associated status with the United States, they said.

As they began arriving last night, the regional leaders said they expected economic issues, centered mainly around the U.S.-sponsored Caribbean Basin Initiative (CBI), to dominate the discussions with the American President.

Reagan will spend nearly four hours in Grenada tomorrow. The visit, the first here by an American leader, comes nearly two and a half years after Reagan sent American troops to invade the island after a bloody military coup by Marxist hardliners.

I think (the CBI) is one of the issues which would be raised because it is very current, and very important to us, St Lucia's Prime Minister John Compton said last night on his arrival.

His St Kitts & Nevis colleague, Dr Kennedy Simmonds, said: I am coming to evaluate the CBI. I will give my own ideas on how I think it has functioned in relation to me and listen to the views of the others as to how it has functioned in relation to them.

The two-year-old CBI was drawn uo by the Reagan administration to foster the economic growth in the region through investment and trade. Its main feature is a provision that allows a range of regionally-made products to enter the U.S. duty-free.

The programme has come in for some criticism within the region as being inadequate, because it does not cover key products made in the region like clothing and footwear. Compton said eastern Caribbean countries involved in the joint regional security system (RSS) did not plan to ask Reagan for American financing for the scheme. We are not discussing security. We are discussing economics, he said.

OPPOSITION LEADERS DENY LIBYAN CONNECTIONS

FL190348 Bridgetown CANA in English 0035 GMT 19 Feb 86

[Excerpts] Bridgetown, Barbados, Feb 18, CANA -- At least a dozen opposition political parties in eight Caribbean Community (Caricom) countries have been linked with alleged Libya-connected subversive activities, according to a document being circulated in the region through United States diplomatic channels.

While authorship of the 11-page document, Libyan activities in Central America and the Caribbean, is not officially claimed, copies have been made available to ruling right and centre-right parties involved in the recently-launched pro-U.S. Caribbean Democrat Union (CDU).

Leaders of parties in the CDU will be meeting in Grenada tomorrow, amid reports that President Reagan is planning to raise the issue of Libyan [words indistinct] in this hemisphere when he meets with leaders in St Georges on Thursday (February 20).

Opposition parties, such as Jamaica Democratic-Socialist Peoples National Party (PNP), as well as leftwing and centre-left parties in Dominica, St Lucia, St Vincent, the Bahamas, Antigua and Barbuda, and Trinidad and Tobago, have been identified in the U.S. document as groups with reported contacts with Libya. [words indistinct] The report says the Libyans have agreed to provide financial support, material assistance, and direction to the Jamaica-based Caribbean National Movement (CNM) -- described as a four-year-old grouping of leftist and revolutionary organisations in the region.

Commenting on the document, which he said his party had not seen, PNP's General Secretary Dr Paul Robertson, rejected out of hand any involvement with Libya in terrorism or alleged destabilising activities on the Caribbean. I can say absolutely, certainly one hundred per cent, that we have no terrorist connection. We abhor it. We can't see that as a viable option and we don't have anything to do with terrorism and anybody who advocates it....Dr Robertson said that his party intends to ask the U.S. Embassy in Kingston for a copy of the document.

Leader of St Lucia's Progressive Labour Party (PLP) George Odlum, was equally firm in denying any involvement whatsoever in Libyan-funded subversion. Odlum, a former foreign minister in the St Lucia Labour Party (SLLP) government, and one of the politicians linked to the proposed three-member leadership council of the CNM. The others are Rosie Douglas of Dominica and Hervin Chung of Jamaica.

We of the PLP reserve the right to identify with Libya or any other Third World country. We, however, have no formal relations with Libya. I, as leader of the party, have travelled to Libya and attended conferences, but there's no question of engagement in clandestine activities. This smear campaign through unsigned documents, he declared is another crude attempt to strengthen U.S. influence in the region through the parties that are linked with the Reagan administration. Reagan is clearly extending his own war with Libya by involving the Caribbean.

As Prime Minister Eugenia Charles has done in relation to the opposition Dominica Labour Party (DLP) of Michael Douglas, Prime Minister John Compton of St Lucia has made accusations against Odlum's PLP of Libyan money and training for activists of the PLP. Both the DLP and PLP have always denied such accusations.

Tim Hector of the Antigua-Caribbean Liberation Movement (ACLM) was unavailable for comment about his party's alleged contacts with Libya.

But Dr Ralph Gonsalves of St Vincents Movement for National Unity (MNU) angrily denied any Libyan connection. He said he had never visited Libya, attended any meetings funded by Libya nor was he in any way involved with Libya. This business of a document, which I have not seen, linking the MNU with Libya is obviously the work of the United States Government. President Reagan is seeking to strengthen the right-wing and centre-right parties in the Caribbean Democratic Union, itself a U.S.-influenced group, by attempting to discredit the left. In so doing, Reagan is exploiting the outrage of Caribbean people against what he has identified as Libyan-sponsored terrorism, said the former lecturer of the university of the West Indies, now practising law in his native St Vincent.

GRENADA

BLAIZE DENIES HUMAN RIGHTS VIOLATIONS

FL190322 Bridgetown CANA in English 2300 GMT 18 Feb 86

[Text] St Georges, Grenada, Feb 18, CANA -- Prime Minister Herbert Blaize today angrily rejected allegations of human rights abuses by leftist opponents. There are some people who would like to zero in on things that they want to propagandise. We ain't have a single detainee in our (prison) cells... All the people who are put there have been put there by the courts, and we don't interfere with that, he said.

The prime minister said freedom of speech in Grenada had been restored with the island having more newspapers than at any period in its history and they were operating without government interference. Blaize also dismissed as leftist nonsense a report by a liberal Washington group, the Council on Hemispheric Affairs, critical of the island's human rights record. Blaize said such reports were without foundation and he claimed they were instigated by elements inside Grenada who were committed to returning the island to its recent past. Grenada was ruled by a Marxist revolutionary government from 1979-79, which curtailed press freedom and jailed opponents without trial.

HAITI

JUNTA CONFISCATES ALL OF DUVALIER'S ASSETS

PA191226 Madrid EFE in Spanish 1205 GMT 19 Feb 86

[Text] Port-au-Prince, 18 Feb (EFE) -- The new Haitian Government has ordered the confiscation and nationalization of all of the assets of former President Jean-Claude Duvalier, the Justice Ministry reported here today. However, since Monday night uninterrupted protests have been taking place in Les Cayes, the country's third major city, while thousands of people were dispersed by the Army in Port-au-Prince when they protested against new President General Henri Namphy. In view of the situation the ruling civilian-military junta issued a message over the television urging the people to remain calm and cited the numerous reforms that have been implemented since 7 February when Duvalier fled the country for France aboard a U.S. Air Force plane. The junta said that the nationalization of the former Haitian president's assets responds to the "popular clamor" and charged Duvalier with depleting the country's resources and impoverishing the nation.

Some of the 25,000 people protesting in front of the National Palace today were chanting "Down Namphy, down with the Americans," while the most repeated slogan during the Les Cayes demonstration was "We want the junta to go." There is popular discontent in Haiti over the presence of well-known Duvalier followers, including Prosper Avril and Alex Cineas, on the national government junta.

EDUCATION MINISTER CALLS FOR DUVALIER PROBE

FL190318 Bridgetown CANA in English 2133 GMT 18 Feb 86

[Text] Paris, Feb 18 CANA-REUTER -- Haiti's new Education Minister Rosny Desroches today called for an investigation into the wealth of ousted President Jean-Claude Duvalier.

Desroches, in Paris for the current meeting of French-speaking nations, said an inquiry into the size of the Duvalier family's fortune and how they acquired it would serve as a political and moral lesson for the Haitian people.

The country is in a desperate economic situation... We have a duty to justice, and Haitian money is the result of the work, sweat, and tears of many of our people, the minister told reporters. He said he had no mandate to discuss the possibility of asking for Duvalier's extradition to face a committee of inquiry if and when France, which is temporarily harbouring Duvalier, found a country willing to take him in.

When the French Government decided to accept him it was a relief to everyone in Haiti, Desroches said. If another government takes him in, the problem is resolved. But suppose not and that France remains categorically opposed to his stay, then the Haitian Government will have to take a position. Desroches said any country willing to give the ousted president asylum might find itself accountable to the Haitian inquiry committee if it was set up. France originally had hoped to find a home abroad for Duvalier before representatives of the new provisional Haitian Government arrived for the meeting of leaders from 40 francophone nations that began yesterday. The ousted president was to be given a refuge in an Alpine lake-side town for no longer than eight days but has been in the country for 12, to the embarrassment of the French. Desroches said he planned to discuss Duvalier's fate with French officials before returning to Port-au-Prince.

African delegates at the francophone meeting said France had not approached its former colonies to give Duvalier asylum. An official who asked not to be named said: It would be difficult for any self-respecting country to accept him when France itself clearly wants him out.

Desroches said the Duvalier family during their 28-year rule had mismanaged the economy and failed to stop widespread corruption. One of the top priorities of the provisional government should be to set up a watchdog body of independent and credible public figures to examine the nation's accounts, he said. We must start to de-Duvalierize the system, he said.

LEADER URGED TO DISMISS DUVALIER SUPPORTERS

HK200238 Hong Kong AFP in English 0157 GMT 20 Feb 86

[Text] Port-au-Prince, Feb 20 (AFP) -- A group of 650 people, mainly students and businessmen, urged Haitian leader General Henry Namphy Wednesday to replace two members of his new government who it said were strong supporters of the ousted Duvalier regime. In a letter they asked him to dismiss Alex Cineas and Colonel Prosper Avril, members of the ruling National Council of Government, and to appoint "two honest credible and serious civilians, above any suspicion of involvement with the regime of former President Jean-Claude Duvalier. The government then would be balanced, comprising three military men and three civilians, the petitioners said.

TWO TONTONS MACOUTES KILLED; OFFICIAL RESIGNS

PA191717 Paris AFP in Spanish 1527 GMT 19 Feb 86

[Text] Port-au-Prince, 19 Feb (AFP) -- Well-informed sources announced here today that two "Tontons Macoutes" were killed yesterday in Les Cayes, Haiti's third largest city, located 200 km southwest of the capital.

Medical sources told AFP that one of the two militiamen died last night at Les Cayes' hospital where he was taken after being brutally beaten by demonstrators. Meanwhile, unconfirmed sources disclosed that the body of the other militiaman was thrown into the sea.

Radio Metropole today stated that Frank Etienne, the progressive Haitian writer, resigned from his post as director of the Ministry of Information and Public Relations, a post he had been appointed to by the National Government Council (CNG) on Wednesday. According to the radio station, Etienne's resignation was the result of differences in viewpoints with certain members of that ministry.

In conclusion, Constand Pognon, one of the six leaders of the local opposition to the former regime, today stated in a communique signed by the National Unity Democratic Party that the only task that the CNG should have is "to restore order and peace, take care of the general security, and organize new presidential election as soon as possible."

JAMAICA

SEAGA SIGNS COMMODITIES LINE OF CREDIT WITH FRG

FL151932 Bridgetown CANA in English 1623 GMT 15 Feb 86

[Text] Kingston, Jamica, Feb 15, CANA -- West Germany is providing Jamaica with a 15 million mark (J34.8 million dollars) credit line for the purchase of industrial and agricultural commodities from Bonn under an agreement signed here yesterday. The agreement was initialled by the Jamaica Prime Minister and Minister of Finance Edward Seaga and German Ambassador Richard Wagner.

Seaga said the loan was continued timely assistance to Jamaica's economic recovery on the part of West Germany. It is for 25 years with a five-year grace period at a rate of 4.5 per annum.

Jamaica has a severe foreign exchange and balance of payments problem, aggravated by the downturn in its key bauxite-alumina sector because of a soft world market for aluminum and depressed prices. Wagner said West Germany was willing to continue assisting Jamaica particularly during the present difficult foreign exchange situation.

SEAGA ON REAGAN-CARIBBEAN LEADERS SUMMIT

FL191708 Bridgetown CANA in English 1635 GMT 19 Feb 86

[Text] Kingston, Jamaica, Feb 19, CANA -- Jamaica's Prime Minister Edward Seaga was leaving today for tomorrow's summit in Grenada between U.S. President Ronald Reagan and Caribbean leaders saying he expected the discussions to be dominated by issues of trade and aid. According to the official JAMPRESS NEWS AGENCY, Seaga also expected the issue of regional security to be raised in light of the recent turmoil in Haiti with the ouster of dictator Jean Claude Duvalier and the political problems in Grenada itself two years ago. On the matter of trade, Seaga said he intended to raise with Reagan the issue of continued attempts in the U.S. Congress to introduce protectionist legislation.

Any such action must be strongly resisted because of the negative impact it would have on the region, Seaga said. There would also be an opportunity to review Washington's Caribbean Basin Initiative.

For the smaller eastern Caribbean states where there level of trade was not significant, the Jamaican prime minister expected their priority would be maximising American aid. On Haiti, Seaga felt that talks would centre on how to assist the new government to build up democratic institutions which would foster democratic systems and public accountability. Seaga was due to attend a preparatory meeting with other regional leaders in St Georges today.

ST. VINCENT-GRENADINES

MITCHELL TO ASK FOR AID AT REAGAN SUMMIT

FL192150 Bridgetown CANA in English 2115 GMT 19 Feb 86

[Text] St Georges, Grenada, Feb 19, CANA -- St Vincent and the Grenadines Prime Minister James Mitchell today said he will seek financial help from the United States for upgrading the country's airport when he joins eight other Caribbean colleagues for talks with U.S. President Ronald Reagan here tomorrow. The Mitchell administration sees upgrading the Arnos Vale Airport by international standards where it will be albe to accomodate jet landing as crucial to national economic development.

Mitchell told reporters he welcomed Reagan's planned visit to Grenada. (It is not often that) we get a president of the United States paying two visits to the Caribbean during his term of office, and I am pleased with that, he said.

Reagan was last in the Caribbean in April 1982 when he spent a three-day working holiday in Barbados. His visit to Grenada tomorrow will last just under four hours.

TRINIDAD-TOBAGO

CHAMBERS TO RAISE QUOTA QUESTIONS WITH REAGAN

FL151324 Bonaire Trans World Radio in English 1130 GMT 15 Feb 86

[Text] Sources at Trinidad and Tobago's Ministry of External Affairs say Prime Minister George Chambers will attend next week's meeting in Grenada with U.S. President Reagan. Initially, there was some speculation that Mr Chambers would skip the meeting, but sources confirmed that the Trinidadian leader will attend and raise a number of vital issues affecting Trinidad. Among those are the new import quotas established in the United States on Trinidad sugar entering the American market.